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DETERMINED TO BE AN
ADMINISTRATIVE MARKING
E.O. 11652, Section 1
By DHC NLE, Date 8-6-76

CABINET MEETING

December 2, 1955

9:00 A. M. --

The following were present:

Vice President Nixon (presided in absence of the President)

Sec. Dulles, in part,
and Under Sec. Hoover
Sec. Humphrey
Deputy Sec. of Defense Robertson
(for Sec. Wilson)
Mr. Brownell
Mr. Summerfield
Sec. McKay
Sec. Benson
Sec. Weeks
Sec. Mitchell
Sec. Folsom

Deputy Director Brundage
(for Mr. Hughes)
Dr. Flemming
Gov. Stassen
Chairman Young
Dr. Burns

Gov. Adams
Mr. Dillon Anderson
Mr. Seaton
Gov. Pyle
Dr. Hauge
Mr. Harlow
Mr. Morgan
Mr. Martin
Mr. Murray Snyder
Mr. McCann
Mr. Rabb
Mr. Patterson
Mr. Minnich

State of the Union Message (CP - 42) -- The meeting was devoted entirely to detailed consideration of the State of the Union Message. Notes necessary for revision of the Message were taken by Mr. McCann and Miss Weaver.

L. A. Minnich Jr.

L. A. Minnich, Jr.

Copies to:
Mrs. Whitman (2)✓
Mr. Rabb
Mr. Minnich

~~CONFIDENTIAL~~

RA - 39

December 3, 1955

The White House
Washington

THE CABINET

Record of Action

The following is the action taken on the items presented at the Cabinet Meeting of December 2, 1955:

1. **State of the Union Message** CP - 42

ACTION:

a) Each Cabinet Member is to prepare and transmit to Mr. Kevin McCann through the Staff Secretary by December 7 revisions of those portions of CP - 42 with which his Department has primary concern.

b) Based on these revisions, and on the suggestions made at the meeting, Mr. McCann will prepare a new draft of CP - 42 for Cabinet circulation on December 12 and for Cabinet discussion on December 16.

2. **The Organization for Trade Cooperation (OTC)** CI - 35

ACTION:

a) It was confirmed that a strong statement in favor of Congressional authorization for United States adherence to the OTC would be included in the State of the Union Message.

b) It was agreed that this matter should be discussed promptly with the legislative leaders.

ADDITIONAL ITEMS:

A. **HEW's Legislative Program**

ACTION:

1) The Cabinet noted Secretary Folsom's report that the President has approved the HEW proposals made at the Cabinet Meeting of November 5 (RA - 31, Item 4).

2) With reservations on the part of some Members, the Cabinet concurred in a proposed program (presented to the President on December 1) of federal aid on a matching basis for the construction of medical research and teaching facilities (costing an estimated $40,000,000 in FY 1957 and an estimated average of $52,500,000 annually thereafter for four years).

B. Exhibit on Mutual Inspection for Peace

The President's Special Assistant on Disarmament called the attention of his Cabinet colleagues to the exhibit on mutual inspection now on display at the Carnegie International Center, 345 E. 46th Street, (across from the United Nations); this exhibit would provide particularly valuable background for any public remarks concerning this part of the President's program.

C. Deadlines for the President's Budget Message

The Deputy Director of the Bureau of the Budget called the Cabinet's attention to the following deadlines with respect to the President's FY 1957 Budget and the Budget Message:

Last date for any changes in figures or programs in the Budget schedules (other than new legislative proposals):	December 10
Last date for any insertions, deletions, or changes in figures for new legislation:	December 20
Last date for changes in the galley-proofs of the Message:	January 4
Transmittal to the Congress:	No later than January 16

Maxwell M. Rabb
Secretary to the Cabinet

State of the Union Message comments by Cabinet Members, 12/2/55

The Vice President:

The Vice President said he assumed each Cabinet Member had chance to read State of the Union draft, which was circulated at 12 noon yesterday.

He reminded that this is first draft and, of course, not in frozen form at this point; consequently, wording of the message should be of no concern because that will all be cleaned up -- concerned about substance and general tone rather than organization. He said the President had gone over it twice, and indicated general line he wants to follow. Changes, of course, can be made.

The Secretary of State

Mr. Dulles had 2 items of major concern:

(1) The theme of peace should be brought in at an early point. In connection with, or immediately preceding 3rd paragraph, where it mentions "our people producing more, earning more, spending more, investing more and building more" and "giving grateful thanks to a provident God." First thing to do is to give thanks that the nation is at peace.

(2) Second observation, said Dulles, is general in character. About phrase "our world leadership." He is inclindd to search for a word other than "leadership" -- abroad, there is sometimes resentment that we are the leader. "World responsibility" might be better.

This whole portion was prepared prior to the Second Geneva Conference, and considerable reworking is now desirable in light of the fact that we have results of the 2nd Conference. It will be necessary to deal both with the 1st and 2nd Conferences, emphasizing the often expressed desire of the President that he will leave no stone unturned and will not stop anything that offers the slightest hope of increasing a just peace in the world; emphasizing also the often expressed views that we should not expect our first efforts necessarily to succeed, and not to be discouraged if they do not succeed. We shall continue to strive to put peace on a more solid and just basis -- exhaust every possibility to do so. There is no temporal power to compare with that of 165 million American people in their spiritual dedication and productive capacity -- each can contribute constant effort. Mr. Dulles said he's not criticizing draft, but pointing out that it should be reworked to focus on both of the Geneva Conferences.

He wanted to suggest some very minor things:

(1) With reference to Republic of China on Taiwan. Might want to supplement it as we get more results out of talks going on in Geneva. Message will have to be kept open in some of these respects. He asked about the time schedule.

Governor Adams thinks it can be kept reasonably elastic -- doubts it can be wrapped up until end of the year. Many space-fillers in this draft for things that have yet to be developed. Wrap-up possibly between Christmas and New Year's.

The Secretary of the Treasury

Mr. Humphrey said he had 2 minor suggestions, and a general suggestion.

Page 6, in last paragraph, "We must further simplify and improve our customs legislation and we need to increase the economic fruits of travel by liberalizing duty-free tourist allowances." He gathers that is the $1,000 duty-free allowance instead of the $500. He thinks the $1,000 was lost. Question is: Shall we put it up again? He personally would not put it up. Subject to criticism of helping people that don't have to be helped or else opening subterfuge. Average traveler does not bring in more than $500. We were defeated on it before, and Humphrey would prefer to leave it out.

Secy. Benson agreed.

Gov. Stassen asked if this is a Randall Commission item -- and, if so, should we be dropping it?

Mr. Brundage did not believe they said exact amount.

Secy. Humphrey said no need to put in Message.

Secy. Dulles feels it looks like pandering to the rich.

Secy. Humphrey said to drop it.

Secy. Humphrey's 2nd suggestion:

Page 11, next to last paragraph, beginning, "In spite of the postal deficit..." is preceded by Post Office Department deficits. He said Post Office deficit seems to blame whole deficit on Post Office! He does not think Post Office should be blamed. (Much laughter here.) Mr. Summerfield thanked him.

Secy. Humphrey then said he has one comment to make. Will be brutally frank. His impression is that Message is full of pie in the sky. It is not a statement of the State of the Nation, or of our principles and objectives, things we stand for. Sounds more like a campaign oratory rather than out-and-out statement of principles. He personally would prefer it much more if half as long -- as long as the program is later to make special messages on special subjects rather than going into detail on a hundred things. Said this would not hold people's attention unless the President himself delivered it.

Secy. Benson's query: Won't people of the country expect something more than statement of principles?

Humphrey replied yes, on a few important things, but not minor details of special activities and special bills. Suggests letting this be devoted to the important things rather than taking all these minute things one at a time. The farm problem, for instance, would be taken care of in special message later on.

Nixon said this Message will be compressed somewhat.

Humphrey suggested not just change words to compress, but change approach.

Nixon said we have to bear in mind 3 previous Messages. This will be watched very carefully, since it follows the President's illness. If this is completely different from the others, without going into specifics, it is indication of what you get when President is not fully in charge of things.

Humphrey agreed that is a point to consider.

Dulles asked if Message is to be read by the Clerk? Will there be radio coverage at the time?

Nixon answered we have not had this before. Normally messages sent down by the President go to the Clerk and are then read. Doubts there would be many on Floor, probably not more than 50. No joint session.

Dulles commented there would be practically no live audience. Thinks it should be weighed from standpoint of reading audience. So Message should have in it features that would appeal to various elements of the reading public.

Brownell added, especially 3 previous Messages.

Benson said the question of length is not so important. Lot to be said in favor of reviewing the achievements that have been made to date by the Administration and then have balance of it forward looking as to what we need further to carry into effect the President's program. He thinks we have to be rather specific to do that job.

Secy. Folsom said people generally pick out paragraphs they're interested in (only on subject of schools, for instance). If not done this way, we miss a good opportunity to get our ideas across.

Stassen thinks Humphrey has good point. Perhaps meet it by President's giving short statement on television from his own studio the evening of the day Message is sent to Congress. Could say, "Today I sent up Message; it flows from these principles: ..." Then there can't be talk about the fact that it did not go up.

Humphrey had a note saying this is the first State of the Union since President Taft that has not been delivered in person.

Stassen repeated it could be covered in little message to the people.

Summerfield said previously the Post Office Department tried to keep its section short. Now in face of reality, they have to put "pie in the sky" in order to accomplish the things they must accomplish. Have 5 paragraphs this year -- new approach to the problem. Covering some things that have already been done, and also new building program for next 5 years. He hopes that will justify the inclusion in an increase in postage rates. If nothing is said in this message -- just something having to do with non-appealing fiscal problem -- we get more of the same old story. Mr. Summerfield said that, when he discussed this at an earlier Cabinet meeting, he sensed there was not much chance of success -- knows he will get that from the Congress, too.

Humphrey raised question regarding Summerfield's paragraphs being included on a full page of the paper which very few people will read, or would he get more coverage if he sent up special message relating to his own case? They would come out periodically over period of 6 weeks, each in turn. Seems to Humphrey that Summerfield would get much better break that way than from a newspaper full of fine print.

Summerfield said they would use the content of State of the Union Message again and again and again, with great publicity follow-up.

Humphrey told him he can do that on his own message just the same.

Summerfield confessed he likes to sell things with pretty colors. Likes to refer to it as "the President's message" and gain more impact.

Dulles said however short you make it, there are only 2 or 3 newspapers in the country which will publish the full text. Therefore, have to allow for publicity picking it up in pieces, printing in the different sections of the country those subjects appealing to a particular section. Farm policy, water conservation, etc., would be picked up in different sections. There has to be enough of concrete nature dealing with each subject.

Humphrey said he does not want to labor this, but wonders if we wouldn't get better coverage if made for the first time when the Special Message goes out. Otherwise, it would by then be "old" news.

Dulles asked Gov. Pyle if he had anything to say on this.

Pyle said he can sympathize with Humphrey's position. He can also see Jack Martin's position from the legislative viewpoint -- pretty important to cover these details. The place where it will be taken apart is in campaign committees in House and Senate. They will try to make politics out of it.

Nixon said tradition does not make it right, but this Message is the thing that lays the whole program out. They refer back to "the State of the Union Message." The other messages have never reached the same status in the minds of the public. From the standpoint of an effective speech, and even from the standpoint of reading it, it should be shorter, with great general principles in it. On the other hand, he said he does not think a State of the Union Message can be that way.

Dulles mentioned he has heard this sort of debate before -- always arguing to stick to lofty principles, always ending up with details.

Nixon considered Stassen's recommendation good -- there is a place for this kind of message. There is also a place for a kind of message which goes to the people, making in conjunction with this (or at a later time) a kind of an appeal that Stassen had mentioned and one that will reach the people. Of course a message in this detail will not rock and sock the country, particularly when read by the Clerk.

Stassen suggested perhaps the way the Education message was covered, on film.

Benson said he liked that idea -- a brief message, if President's strength permits.

Nixon started to say, "Of course, as Secretary Dulles suggested...."
Then, "I do think it is appropriate to have these thoughts summarized so that the President can have them..."

The Acting Secretary of Defense

Secy. Reuben Robertson's first suggestion: Page 5, 3rd paragraph, omit sentence, "No campaigns are won by undue preoccupation with the enemy's possible moves." Is not directly related to Defense.

Page 24, final paragraph, Mr. Robertson had question of clarity -- just what is meant there?

Benson agreed that it needs clarification.

Paragraph beginning bottom of page 8, regarding atomic weapons. It says "we must develop -- and soon -- our atomic weapons systems and their associated land, naval and air vehicles." Gives impression that we have not developed them. We are ahead of the tangible tools of war. This leaves a little feeling that we are ahead in conventional war, but not in the atomic war.

Arthur Flemming concurred.

Nixon said he realizes why we say it. But sounds too thin from an international viewpoint. Could say that on an off-the-record Congress.

Robertson had no specific language to suggest.

Dulles, commenting on the part about "U.S. having narrow technical superiority in tangible tools of war," said perhaps "narrow" should come out. But also, he thinks the whole paragraph should be out.

Nixon said we could put thought in of "stepping up our..."

Dulles said this is an area which is not standing still -- keeps constantly moving forward. We have been, and we must convey it.

Robertson asked Flemming about paragraph next to last at bottom of page 8. He presumes it refers to the Defense Production Act.

Flemming said that was a question he had, too. Feels we should be more specific. It runs out in June. He has some language he will send to Kevin McCann. Said that is a thing President will not send up special message on, so must get it in specifically.

The Attorney General

Mr. Brownell referred to the Civil Rights section. Page 22, 3rd paragraph, beginning, "There are distrubing indications that..." That of course will be very imflammatory. It indicates intention to investigate these White Citizens Councils. And there does not seem to be some considered move to prevent the Negroes from voting, as well as to bring economic pressure against anyone who advocates complying with the important decision of integration in the schools. In the social field, this is the greatest issue in this country for some time.

Dulles asked if there is a precedent for legislation designed merely to direct attention to something.

Brownell said Justice Department is of course under heavy pressure to initiate investigation in this. Mentioned the killings in Mississippi.

Dulles noted in the draft "make lynching a Federal offense" and "without constitutional authority" -- said those two things do not reconcile.

Brownell said they have to do it on case-by-case basis. Said the Mississippi situation is rather tragic -- but whether or not we want to get into it here is another thing. The Till case set this off; there have been two other rather vicious murders since then. They urge economic pressure. But assume it got out of hand.

Nixon said, from legislative standpoint, that means you raise the whole issue that it is a problem of the States. Nevertheless, if the problem is as serious as you indicate, wouldn't the Congressional investigating procedure -- keeping Justice Dept. out of it -- be the most effective way of handling it?

Brownell said Dulles brought out good point -- 2 things mixed up in one paragraph accounts for some of the concern. No doubt that Congress can explore. He thinks last sentence is all right. But when we get into economic pressures and school situation, which is implied here -- that is really waving the red flag!

Weeks said when he was in Senate, poll tax bill came up. Vote surely did not prevail. There are very grave differences of opinion whether or not Federal Government should go by Constituion. When you say, "While the Federal Govt. is without constitutional authority," and then go to "poll tax" in same paragraph -- I think that whole paragraph should be looked at carefully.

Nixon said, "We are now talking about what the President should say." Added that a Democratic Congress would never allow it to get out.

Brownell thought Max Rabb ought to talk on this subject.

Mr. Rabb said that one of the reasons that poll tax and lynching were included in this picture is that we have mentioned this in the Republican platform, and in some way we thought we might reaffirm this. The Mississippi situation is an unusual one. What is taking place there is not only this intimidation, but of some consequence to some of the Northern States. As a result, the balance in Mississippi is being altered -- you now have the balance changed. That is part of the plan. Most of these people have been sent up to midwestern cities, particularly to Chicago. Political opposition tries to still any question on civil rights. Can break them wide open. Lyndon Johnson has put in his 13 points; also about immigration, 2 points that will leave his Party without record. If we have in mind idea of making life easy for them, we should drop this out. But something along this line could be useful.

Max Rabb said further he thinks Brownell has underestimated. This is the big issue today of the U.S. They have looked to the Federal Government for word of encouragement.

Stassen said perhaps this could be handled by a little more praise of the progress that has been made, particularly in some Southern States. Consider them by name or in direction, holding them up. Then make criticism spotlight on Mississippi either by name or in direction. This is a great problem and has to work out gradually. We have a century of work ahead to gain progress. Could be extremely explosive.

Benson expressed hope that States would not be mentioned by name.

Stassen said don't have it read like you are throwing down the whole South. Just pinpoint the kind of thing that you think is being unconscionable so that you get some Southern support.

Nixon asked decision on including poll tax and lynching.

Max Rabb said lynching is passe today.

Nixon said preliminary statement about constitutional authority should be thrown out. He suggests just state problem and recommend that these actions are the appropriate ones. Said it is very contradictory at present time.

Brownell asked about the statement that the President has made progress in the integration of schools. Mention is made of D.C., but it is more widespread than that.

Nixon said many parts of the South are doing good job, and it is a tough job. Problem of bringing colored teachers into white schools is great problem. They should have some pat on the back. Could say we trust this evolution will be continued, adding that there are of course some isolated areas where action not yet taken but suggest that it be done.

Dulles said there has been immense progress in last few years, as compared to any other time in history. Gained through cooperation, not by force.

Nixon, assuming the clause "to initiate Congressional study" be taken out, thinks that from the standpoint of our Northern Republicans the seed might be planted to two or three aggressive fellows down there (Alexander in the House) to possibly move for a Congressional Committee investigation in this field. That would be appropriate; the Congress investigates to see whether Federal laws are being violated. Here again, he said, with Congress being controlled by the other side, they probably won't do it. But it would give some of them a pretty good talking point during the campaign.

Max Rabb said he thinks that hits it right on the nose. Said we have had remarkable record -- maybe the best any Administration has had in this field. Thinks maybe we have been a little too quiet. Should get more of our achievements out to the public.

Nixon said this is basic decision that has to be made.

Stassen said we should have in mind that, for the good of the country, greatest danger is that we cannot move too fast. He cautioned that we would get adverse reaction if we moved too fast.

Brownell asked if Dulles was satisfied with immigration paragraph on page 22.

Dulles thought it all right. Questioned "Congressional authority," wondering how it would be interpreted by Congress.

Nixon, about sentence, "I am happy to report substantial progress in the flow of refugees under the Refugee Relief Act of 1953 through executive action," suggested striking out "through executive action."

Dulles understands Justice is working with State on position we have to be prepared to take first of January.

The Postmaster General

Mr. Summerfield's Department, as he said before, is trying new approach. (Page 10.) It is apparent to them that, if they get any increase in rates, they must have definite improvement in service facilities and working conditions. They are pushing it on that basis. Said he is presenting to the Cabinet members a brochure indicating specifically what they have in mind.

Mr. Summerfield said they have a building program, costing a billion dollars, to be done over period of next 5 years. Thinks this is the appropriate time to announce it. With reasonable increase in rates, can reduce this deficit. If this approach is used, would mean probably 3,000 new post offices in addition to the 1,000 they already have. He thinks that will appeal to certain Members of Congress. If included in this Message, it would give Post Office Dept. the right climate for follow-up special message.

Summerfield read from page 11, 3rd paragraph, "The ultimate goal is a postal service second to none -- a service whereby a letter mailed today will be delivered anywhere in the country tomorrow." Said that is pie in the sky, but is really their objective.

Humphrey said he did not exactly have that in mind.

Summerfield said other progressive countries throughout the world are putting more and more of their mail into the air. Said we will have to put more up in the future. It is long-range program, but it is possible to deliver first-class mail on following day in this country (if we modify our planning).

The Secretary of the Interior

Secy. McKay discussed Statehood. Page 7, 3rd paragraph, beginning "In the Hawaiian Islands, East meets West..." Said that is kind of statement of what is happening over there.

McKay then went to next paragraph mentioning "Statehood for the Islands is not a part of our foreign policy." He does not understand -- that is territory of the U.S., not foreign territory.

Dulles said he questions that, too.

Humphrey said that, while this is not part of foreign policy, nevertheless if you had statehood there, it would be shining light to reflect.

Nixon suggested taking out negative tone, deleting "But" at beginning of that particular sentence.

Stassen agreed to Nixon's suggestion.

McKay questioned statehood for Alaska. He thinks there are too many political influences -- personally feels we will never have it either place. Accept each on its own merits. No question that Hawaii ranks Alaska. But the Alaska situation -- there is not going to be any progress made, in McKay's opinion. Either you do or you don't.

Dulles, again on "shining example." It is a pretty tricky thing from standpoint of foreign policy. Of course, we claim that a "shining example" is our giving independence to the Philippines. Morocco and Goa -- France and India trying to make virtue of integration. Should couple this up with some indication that this is fulfillment of the desire of the people involved, that this is their self-determination. They don't want to be independent -- want to be part of us. It is a tricky business to handle just right.

McKay does not think we should attempt in this Message to handle this in terms of foreign policy. Got to break down 2 barriers. Treat as domestic matter. Stick to merits. Keep it based on "do or don't."

McKay turned to page 20. Said this is not his business, but statement on "increasing pay for Executives and civil servants" should be considered. He wonders who cares "except us bureaucrafs," and he thinks pay could be cut down.

Another subject McKay wanted to mention: advocating reducing voting age -- 18-year-old vote. He knows it is not very popular. Could forget it, unless the President is very enthusiastic.

Summerfield asked if he had seen today's Gallup Poll.

McKay answered yes, all Democrats! Could save some space there, unless President is enthusiastic.

Flemming said he is out to keep it, would do all right in Ohio.

Robertson, regarding Executive Pay. Said that was quite a point by Hoover Commission. In Defense Dept., one of the big problems is to get good people. They have vast numbers not well managed. As result of Hoover Commission studies, action was taken and they got Congressional pay. Hope was to get better managerial jobs lower down. Will take some stimulus to get it through.

McKay agreed on need, saying nobody is underpayed more than the Assistant Secretaries to the Cabinet. But he questions whether it should be in the President's Message.

The Secretary of Agriculture

Secy. Benson had 2 comments, one in Agriculture section, page 13. (He said, "Incidentally, we are very pleased the President is putting it in.")

Benson thinks we should get a little more warmth and concern into that section, maybe commending the farmers for the unprecedented job they did during the war and the fact that they are moving through a transition period -- serious adjustments just now. Government has contributed to the situation they are in today. Where mention is made, "Laws, attuned to wartime needs and too long retained, encouraged peacetime production in lines where markets were not available" -- could warm it up a little. Praise their performance during war, and that the government will do all in its power during this transition. Believe that would help.

Dulles questioned decline in per capita income.

Benson said no, it has not shown any particular decline.

Dulles asked do we want to admit a per capita decline? It is all right to say they have not shown the increase, but we may want to contend that the facts justify. The per capita income has remained stationary.

Benson said the total farm income has gone down very substantially.

Humphrey felt pretty sure the per capita income has gone down in area of about 6%, but said that is not really so great as gross income or some prices.

Dr. Hauge said it has declined. Held about '54 equal to '53, but that has come down.

Benson added that this year will show a decline.

Dr. Burns said no matter how you measure farm income, it has gone down. There can be no question about that.

Dulles asked, "Per capita?" and Dr. Burns replied "Yes."

Philip Young mentioned 10% drop in per capita income as against 30% drop in total.

Nixon said 2% above what it was in '54.

Benson said very slight increase in '54 over '53. In '55, decline.

Dulles asked if sufficient to say "they have not shared in the rise."

Brownell thinks we underplay here problem of agriculture, flood relief, etc. The magnitude is all out of focus. When this Message is delivered, it will be delivered in an atmosphere of major crises. All through the Midwest, there is attitude that this farm problem is major crisis and that the confidence is completely on the decline -- getting to point where businessmen in small towns are getting disturbed. They fear depression repitition. We should say this is one of the problems not getting enough attention. Brownell said he realizes program itself will be put out later, but there should be recognition here that this is the outstanding domestic problem, and we should say we realize this is a major problem.

Humphrey certainly agreed, saying you could get an earful from Governor of Iowa. Seems silly to Humphrey to put this along with Federal prisons -- all out of focus. It is a problem lot of us are not meeting -- but not sure if we can.

Benson said of course there will be special message, listing accomplishments to date and recommendations for the future.

Nixon suggests Benson point out in State of the Union that this problem is so complex, so big, so important; that this Message does have space limitations; and that he is sending special message later. Build up problems here, but don't give answers. Tell country in effect that this is big problem and special message will be sent.

Benson would add Administration's pledge to do everything sound within its power.

Benson also commented on final paragraph, page 24. Message ends too abruptly. Could have spiritual ending, on a tone of principle right at the close.

The Secretary of Commerce

Secy. Weeks mentioned transport policy. He talked to President about it last summer. Report was made in April. President spoke of it at Press Conference in May. Hearings have been held in House already. Weeks had hoped that if we wanted to do anything about it, we would have something in this Message.

Page 16, paragraph on Small Business. Weeks said this small business thing is somewhat political, of course, but he himself does not think it necessary to start in saying "we are going to channel more loans..." Then we go down to the RFC. This loan fund of SBA is being used. No attempt made to increase the amount. There will be further attempts to increase the amount. Weeks thinks hard look should be taken at that paragraph and come up with something else. The Congress, in renewing the SBA, made a provision that duplication between SBA and the Department of Commerce must be looked at. Weeks and Barnes had a master surveying the situation, and he has come up with very constructive report. Weeks thinks it will eliminate duplication. Weeks hates to have President go on record that he wants to build up this loan.

Mitchell said the whole decrease of contract-letting by major countries has affected small business. He feels the concern for small businessmen should be expressed. Defense Dept. has not encouraged its prime contractors to sub-contract -- prime contractors are doing the work.

Robertson commented on that point. Week before last, they had meeting with Defense Dept. small business representative and the head of the SBA. He was very much encouraged with recent progress. Stems from the last 3 to 6 months, since they have had additional people in that work. Defense is certainly following and pursuing it. As to the degree of sub-contracting, Robertson has not followed that, but he is glad to know that Barnes is pleased with progress.

Weeks said there are 2 principal functions they have been looking after: Loans, and these Contracts.

Flemming said small business percentage has been moving up in quite an encouraging way.

Summerfield said they are also reacting unfavorably to emphasis being given to the attention that big business has had from Administration. He thinks serious consideration ought to be given to thought of having conference of small business. Among small businessmen of the country, we would get a surprise as to their support -- it is growing.

Stassen said there are indications that major Democratic attack is going to be on the basis that we are unfriendly to small business. They will drive at us directly. Have to be ready to counter that by having President out in the lead on Small Business in this Message.

Weeks did not hesitate to agree with Stassen that it will come. Only point he makes is that there cannot help but be duplication in Commerce. Commerce serves more little business than does SBA. But he knows why we have it here -- he is acquiescent to having the SBA. Point he wants to make is to start and build up this loan fund year after year. About 99 1/2% of the business establishments of the country employ 500 people or under. So we had better have SBA and do away with Commerce if this line is going to be followed.

Nixon concluded that, in any event, we agree SBA should be here, but that there is some question about the line.

Weeks said he has more comments, on Labor, page 19. Conform to past practice, rather than to Humphrey's idea for "set of principles?"

The Secretary of Labor

Mitchell said that, while they do not have in this Message all he would like, he is satisfied. 1952 Republican platform emphasized very definitely the position on equal pay. He recommends a reconsideration of that, inserting "recommendation for equal pay legislation."

Also another area, page 20. Statement about 35 thousand additional public housing units -- 105 thousand in 3 years might be better.

Humphrey concurred.

Mitchell asked about page 17, 3rd full paragraph. It is stated, "Again I urge that the Congress no longer delay prompt and affirmative action in enacting a strong and effective program to provide more schools." He asked if we can't be more specific as result of White House Conference on Education.

Regarding last paragraph, page 17, Mitchell said the Administration had great success with old-age and survivors insurance program -- we might possibly take some credit for that at this point.

Mitchell directed one question to Secy. Folsom, reference "housing needs" on page 20. There is an inter-departmental program on the older worker. Mitchell wonders whether that departmental group is willing to recommend legislation for employment and other phases. But if they are, some wrap-up of the problem might be desirable rather than this offhand mention of older people.

Folsom said he had same question, and does think it should be covered.

Mitchell then referred to page 12, under heading of "Our Strong Economy." He said it seems to him that a case could be made here that these problems of agriculture, area redevelopment, flood disaster, etc., can more easily be solved because of the strength of the economy. If you do not have a strong economy, these problems become more difficult. He said he does not see that anywhere in Message.

Humphrey said that is good point, and it is not in Message.

Benson concurred.

Mitchell registered his vote for leaving in "request for pay increase."

Weeks spoke of "minimum wage coverage," page 19, paragraph 2. 75¢ set in 1950. Between that point and January 1953, there was increase in depreciation of the dollar to extent of 13%. Last year, when we talked it over, recommendation was for 90¢. Thought was it should be 85, but it was 90. House and Senate and the bill provides for a dollar. Two or three weeks ago, this was brought up here in Cabinet. Weeks thought we let this dollar minimum be thoroughly digested before we proceeded further with the program.

Weeks then referred to page 19, bottom of paragraph 3 -- the non-occupational disability insurance situation. Said we have had recommendation for compensation for years. This is going into field of non-occupational illness, sickness and off-the-job accidents. It starts a whole new program. Weeks thinks 2 States have trouble with their funds. Attempting to be introduced into 13 other States, but not successfully. Weeks does not think the unions themselves have attempted to push it in those States. They prefer to have it a part of a bargaining process. Weeks thinks we ought to think a little before going out whole hog for recommending compensation in the off-the-job accident and non-occupational help.

Mitchell reminded that in 1955 State of the Union Message, the President is on record favoring non-occupational and disability insurance in District of Columbia -- would be a mistake to drop it now.

Nixon reminded Dulles he wanted to leave at 11 o'clock, and asked if he had comments to make before going.

Dulles mentioned observations on the farm situation and the necessity of recognizing the problem. Said it is bigger feature of the Message. He has impression it is not adequately featured. High degree of wages...... Dulles realizes farmers are traditionally Republicans, and feels we should go after them. Labor leaders are primarily Democrats and we write them off. But the Democrats are going after the farmers; why shouldn't we go after labor fellows? Dulles does not think Meany can deliver labor vote. This is area of mass vote where we should cash in. We inherited terrible situation on farm problem. Should make every effort to retrieve as many votes as we can. But here is area of great mass vote -- people have been extremely prosperous. Do not think we nearly play that up to the extent that we can and should. Believe we should make appeal to the great mass vote. After all, farm vote has gone down -- people have left the farm. But it is the labor vote which has gone up. Do not think we have nearly built that up as we should. The farm problem is a disaster thing here -- we should at least build up the area wherein there is a possibility of success without parallel in our country.

McKay suggests reading Jim Mitchell's speech at Washington Republican meeting.

Mitchell said the President is already on record on occupational compensation. Also on record on extension of minimum wage. Mitchell thinks that, from point of view of this Congress, it will be well to remain on record. President has asked Congress to study the problem. To move off either of these positions would be very inadvisable.

Nixon asked if it is true that union membership today is the highest.

Mitchell said yes.

Nixon suggested different language. Speak in terms of "jobs, wages, take-home pay, etc." -- to that group of people would be more effective.

Benson said he could not agree more with what Dulles said about effort to draw closer to working group. Thinks we should not depreciate the importance of the farm vote in many States. It is not only the farmer but the business people in the small community who are interested in primarily serving.... 20 million against total farm population of approximately the same, or a little less. On the other hand, it is important, too, that we not become so panicky that we adopt unsound practices, which will tend to alienate many of the city people. Think we should do everything we can that is sound to help the farmer.

Robertson spoke on question of how much credit we give to great and growing strength of organized labor. People are deeply concerned with merger of CIO-AFL. That concern is too great. If we could reach for that mass vote through the 16 million organized workers -- and there are also another 40 million or more unorganized. Those people are not impressed with this great and growing strength. That also comes into area of Small Business -- they are not encouraged. Just a caution on the other side.

Folsom agreed on disability plan for D.C. Said this bill worked out pretty well in N.Y.

Weeks said he thinks about 80% of industry has taken it up.

Folsom said this makes it compulsory for the rest.

The Secretary of Health, Education and Welfare

Secy. Folsom said first page (page 17) of school part of Message will have to be rewritten. This was prepared before we had program out of White House Conference. Outcome of that Conference was very much in line with the program we submitted. It was a success. They will rewrite this page, and also will propose a special message on schools.

Page 18. Minor change at top of page. Will talk to Kevin McCann.

Also on health program, want to have special message.

Folsom does plan to get in reference to problems of aged.

Other conclusion, in connection with our whole health program. Folsom yesterday outlined to the President (and Hughes) plan for very substantial increase in medical research. Discussed whole thing with President and agreed on it. President has gone along with it. One feature omitted here has to do with aid to research facilities, medical schools, and other medical research institutions for construction and facilities. It is part of over-all program to improve research. President said we ought to do something about it. But Hughes raised question as to whether or not we should postpone it until next year. Want to find out what Cabinet group thinks we should do about it. Everybody agrees on expansion. If we do not expand, we will not get enough doctors, nor enough people to do the research work. Most medical schools are way out of date, some same as they were in 1920. Medical people made careful survey, and agreed they need modern equipment, better quarters and some expansion in buildings. There is almost no limit to the work we can do if we have the personnel. Several years ago when President was at Columbia, he and Conant got some people to see if they could get money from corporations, for the medical schools and for increasing their facilities.

Folsom said he had discussion with Sloan Colt -- whether it would interfere with his efforts. He thought we had to do it -- it would compliment rather than hurt his committee report. That made impression on the President, because he knows about Colt's work.

Folsom asked Medical Deans on Hill. They said they are making efforts in several directions to meet this operating deficit -- not only through corporations, but more money from States and some foundations. Also to get Heart Foundation, Cancer Research, etc., to donate.

Folsom said they have 2 bills pending in Congress now: one that passed, $30 million just for research facilities; another pending, $50 a year for 5 years for schools (research and teaching facilities). Folsom's proposal is to tie those 2 bills together. By doing so, we will increase the capacity of the schools and get more doctors. Schools would increase enrollment. American Medical Association kicked on writing in 5% proviso. Want to come with one-to-one basis. Schools will have difficulty raising money -- must go out and get it from individuals -- Colt does not think they will get much from corporations. It will stimulate the whole thing. Folsom thinks the need is so immediate that we cannot wait until next year. Hughes thought we might be able to save that $40 million by putting it off until next year. Folsom feels we cannot continue to expand our research without doing something to relieve this situation. Thinks we should take the initiative and include it as part of our health program. Congress much interested.

Folsom said the President wondered whether we could get the States into it. But there are only 70 or 80 medical schools, not uniformly located either. Some States have none at all. Can't expect Massachusetts, for example, to donate to Harvard. We can figure no way of tying States into medical picture. It might be said that foundations could do it, but it is really a national program. Do not find many corporations wanting to donate to capital schools. Would require $40 million for first year -- doubt if they could spend that first year, but have to raise that much.

Flemming said he is 100% for this program. There is not any university administrator who would attempt to start a medical school today. When we first came into office, the first thing was to put Defense Department on an austerity basis so far as doctors are concerned. Now it seems we are in trouble on that. If you should let up on that, we would be in trouble with the community. Flemming in complete agreement that if we do this, it does not mean we are establishing any precedent for the engineering schools. Other schools can be dealt with in other ways than Federal. Suggests get out in front with a real positive program on this.

Percival Brundage said Hughes asked him to say it is an admirable program, but that this would mean giving $375 million to new school program on top of $90 million already given to Dept. of HEW.

Folsom said they gave $292 billion (?) last year.

Brundage said they did not spend it. National Institute of Health being increased. $135 million for hospital construction. Terrific amount of money in that field being committed. Budget thinks it wise to put off for another year.

Nixon said he understands Budget viewpoint, but the Congress is going to do something in medicine.

Humphrey inquired about working this into other things so not all be additional.

Folsom said no, that his interest is in holding down.

Nixon said that seems to settle that!

Folsom asked if report would go to President.

Nixon said concensus seems to go in, though some reservations.

Benson said he certainly has some reservations. It seems that, more and more, money is passing through Federal. Tends to weaken our enterprise system.

Brundage said States just can't handle the job.

Humphrey asked how can you defend going in and building State, County and local schoolhouses which are purely local matters, and then refuse to touch this area problem which is not completely national? The weakness of the thing is that we are going in on the schools in any degree.

Weeks feels we are getting into bad habit. We say, "We will do this, since it's going to be done on the Hill anyway!" And President then has to veto. That impetus is guiding our deliberations too much, he said.

Folsom said that is not his main point.

Nixon understands that his problem is when to do it. In the final analysis we do have to make decision on the merits.

Governor Stassen

Stassen suggests opening paragraph be dropped off. It has negative beginning. It is obvious that President is sending Message up. Start out with 2nd paragraph instead.

With 2nd paragraph becoming the opening one, suggest its wording be checked with all faiths -- exact way you refer to God is made a technicality. Some do not like to speak of "provident" God. It is a very important paragraph -- urge that it be checked with good clergymen.

Strongly emphasize bringing in Peace. Make 2nd paragraph that America is at peace and the world is at peace.

Bring in new paragraph bringing up philosophy of this Administration -- that is, that we have turned to having more reliance on the people, what they do, what they decide, and less idea that the government is in on everything. We have been criticized that government is not doing enough about work.

On "For the year ahead..." paragraph, suggest putting in "If the Congress carries forward, then the outlook for the year ahead is good." You can turn the economy downward. Have record here as to .... rather than making such a confident prediction.

Does not like "powerfully promote release of spiritual resources."

Should never say, "Free from insecurity." Over-shooting when you say that.

Page 2, 5th paragraph. "For our children's children, we are trustees of a continent..." Unfair phrase. We have Canada and Mexico to think about.

Humphrey commented on over-all first 2 pages -- thinks this is too much preaching.

Benson said he would put some at end.

Stassen referred to page 3, mention of Nuclear Conference. That Conference had another name, and he suggests sticking to trade name.

Page 4, the part in parentheses at bottom. To be expanded and rewritten. Suggest reference to surprise attack made. President is on fundamental right track when he seeks mutual basis. When the UN gets through, we will have to do something more to emphasize "surprise attack."

Page 5, 1st paragraph, last sentence. Would like to shift to the affirmative. "We will continue to stand on our principles -- or be consistent with our principles -- and we will stand with our friends."

Page 8-9, already covered. But in reworking, suggest saying something like, "There is no evidence in history that weakness is a key to peace, that strength administered with moral restraint is a key to peace." Our great strength and our alert position add to the prospects of peace.

Page 9, 3rd paragraph. Do not like "Despite factional controversy." "Factional" means within your own Party.

Page 10. When you have a deficit, it is not only a matter of printing money, but careless expansion of extending credit could also lead to inflation.

Page 12, top. Unless you are sure you can have a tax reduction, say "conceivably" have one. Otherwise, you will uncork Congress and never get that. Later on, if you find you can, then take the initiative.

Humphrey said it can be worked more along lines of memo he brought with him on "concrete statement of tax policy."

Stassen again on page 12, on per capita figures. What has happened that with 90% rigids you have expansion of the commercial big farming intensified process. Now 50% comes from top 10% of the farms. Must think of per capita of average farm -- that is down -- down seriously. Notes that the word "parity" has been avoided. Cannot avoid that word -- it is a farm tradeword.

Page 13, bottom. The sentence, "Accordingly, I am recommending a program which will help pull down the surplus" -- insert "which will raise farm income and help pull down surplus." If you are going to come out with a soil bank, get on it here. Otherwise, Democrats will brand it their own.

Page 14. Do not throw down coal miners.

In reworking Education, Stassen assumes Folsom will bring back in a strong statement on "no Federal control."

Folsom said yes.

Stassen went to page 18. Emphasis on research and medicine. Is it evaluated that Salk vaccine has had good result? Work it in as an example that "children's health has been greatly improved and this program will be carried on."

To many words on "pay." Too much detail for Civil Service, even though it should be recognized.

Page 22, on Civil Rights. While we get this affirmative issue, have to be careful that we do not in effect turn lose too much haste on this problem or we will do country a dis-service. Urge we not move too fast.

There is not a strong enough page on economy. The general tone is: lot of things to spend more money on -- not enough on saving. Need a ringing paragraph that "the never-ending search for ways of economizing in government is essential to maintain a free society."

State Dept. might be checked on adding something on bipartisan foreign policy.

Humphrey said he thinks Stassen's comments are excellent. Back to his same point: he still thinks some of these fundamental things we have done ought to get in here. If you are going to write a book, get the constructive things in rather than just this soft soap.

Nixon pointed out that page 10 has good write-up on economy.

Humphrey asked, "What is our slogan? Peace, prosperity and progress." All on human relations -- peace and prosperity are side issues.

Robertson suggests it be considered in boning up the Defense paragraph. The economy aspect can be brought out there. We are getting more defense for our defense dollar. There are a lot of billions involved there. We are getting a lot more efficiency in big area.

Brownell suggests removing paragraph 3 from page 23.

Flemming, discussing National Security, does not think it puts us on the offensive to extent that it should. There are 8 paragraphs in Message, 6 of which refer to detail. We have had the experience now for at least 2 years where, after we get into the Congressional session, President has to write letter to get us back on the offensive as far as our expenditures for national defense are concerned. Talk about continental defense programs, SAC bases, weapons developments and methods of delivering them -- conclude that we are maintaining our superiority. This section ought to provide the Bible on which we can stand throughout the entire session as far as our national defense program is concerned. Flemming would be glad to send a few paragraphs along. Have the President say quite a number of positive things along this line.

Nixon said, in considering the good job that has been done, that is the weakest thing in the Message.

Robertson said we have this strength, and we should say so.

Herbert Hoover (substituting for Dulles now) mentioned the foreign aid side. Charge is there is a build up toward an emergency about which we are not doing enough. They are claiming we are being faced with an emergency and we are not prepared for it. Suggests perhaps immediately preceding, or immediately following, the "balance the budget" part, we insert, "If an emergency should arise, of course we should not have any hesitation in spending both on a national and world-wide basis -- but that such does not now exist."

Flemming brought up paragraph about "temporary laws." On civil defense side, they promise a reorganization plan. Could drop that sentence. There is every possibility that new reorganization plan will be developed.

The Chairman of the Civil Service Commission

Philip Young commented on page 20. Referring back to Weeks' suggestion, he thinks this would be improved if, in place of this kind of listing, we had a paragraph which would indicate there will be a special message on personnel legislation area. And secondly, would set forth a little more on objectives and accomplishments, because this Administration has a record unequaled in history as far as Federal employees are concerned.

The Acting Director, Bureau of the Budget

Percival Brundage has many detailed things -- will give to Kevin McCann.

He referred to page 19, bottom. "However, a firm program of public housing is essential until the private building industry has found ways to provide adequate housing for low-income families." How long has that been worked on?

Nixon said we can take a more affirmative line on housing. In past 3 years more houses have been built.. Our program is to give every American an opportunity to own a home. Percentage of home ownership is the highest in history. Suggests checking the figures and putting in couple sentences to show what we have done -- then put in this sentence about public housing.

Brundage said State of the Union Message can be changed up to the last minute, but they have pretty bulky document, and would like to mention deadlines. Cannot change figures or program after December 10th. Final date of transmission, January 16th. Last changes in galley proof, January 4th.

# # # #

Pres has seen

THE WHITE HOUSE
WASHINGTON

December 2, 1955

MEMORANDUM TO THE PRESIDENT

SUBJECT: Highlights of the Cabinet Meeting of Friday, December 2

The following points of significance were raised during the Cabinet's consideration of a draft of the State of the Union Message:

(1) In General

Secretary Humphrey argued for a Message which would confine itself largely to fundamental principles and basic thinking, not a detailed list of individual pieces of "pie in the sky".

The others, however, pointed out that traditionally the State of the Union Message has outlined the President's program for the coming year and that any major changes in style this year would be given undue significance.

Mr. Dulles emphasized that since this year's Message will probably be intoned simply by Congressional clerks it must be written primarily for the reader rather the listener. Mr. Stassen then suggested that on the evening of the day the Message is delivered, the President might make a short televised summary statement to the Nation.

(2) Foreign Affairs

It was suggested that peace be stressed earlier in the Message and more emphatically.

It was agreed that a strong statement favoring our adherence to the Organization for Trade Cooperation should be included in the Message. (There is much misunderstanding on the Hill about this proposal and it was agreed that missionary work should start immediately to clarify with Congressmen what OTC is and why the U. S. should join it.)

It was felt that the proposed increase (from $500 to $1000) in tourists' customs exemptions should not be pressed this year; it would be helping those citizens who do not need help anyway.

(3) National Security

It was strongly felt that this section of the Message should be a forthright and affirmative declaration of our military and security accomplishments: that we have an effective continental defense, that we have strategically placed SAC bases, that we are getting the most defense for every dollar spent, that our weapons programs are sound; in short, that we are, in fact, prepared to meet the Communist challenges as of 1956. Mr. Hoover suggested, and the Cabinet agreed, that you also make it perfectly clear that there is no international emergency now but that, if one should arise, you will not hesitate to take any measures -- fiscal or material -- to defend ourselves and to protect our security. It was felt that only this kind of positive statement of national security accomplishments and objectives will stand up to the expected criticisms of Messrs. Symington and company.

(4) Civil Rights

It was deemed appropriate to have some reference in the Civil Rights section of the Message to the tense situation which exists in certain localities in Mississippi where political and economic pressures are being exercised in an unwarranted manner. It was recommended that the appropriate way to explore this situation would be by establishing a Congressional study to look into allegations of deprivation of the right of franchise. It was suggested that our past achievements in civil rights should be emphasized and that credit should be given to all portions of the Nation, including the South, for the cooperation they have shown in bringing about a better climate of opinion.

(5) The Postal Picture

Mr. Summerfield stressed that promises of better postal services and facilities must accompany any proposals for increasing postal rates. (Mr. Summerfield has in mind a billion dollar postal construction program over the next five years.)

(6) Agriculture (the whole question to be discussed with you at next week's Cabinet Meeting)

It was stressed that what may be described as a genuine farm crisis will be the background against which the 1956 State of the Union Message will be heard. Not only is farm income down -- in every way one measures it -- but business in rural areas is beginning to suffer. The agriculture section of the Message must particularly build up the special Message on Agriculture which you will be sending a little later on.

(7) Small Business

There was general agreement that we have a good story to tell of our accomplishments in strengthening small business and in spreading Government contracts among smaller sub-contractors -- especially as a counter to the opposition charge that we are partial to "big business."

(8) Labor

An important point was Mr. Dulles' admonition that the Administration and the party should go out and win labor support just as the opposition is going out after the farmers. No administration has ever had more persuasive arguments: Labor's share of the national income, its take-home pay, the number of jobs, union membership, employment security and fringe benefits.

(9) Health, Education and Welfare

Your recent decisions on certain of these programs will be written into the Message.

Secretary Folsom then described to the Cabinet the program he had proposed to you of Federal aid for the construction of medical research and teaching facilities. Messrs. Hughes, Benson, and Weeks were apprehensive that this step was unwise and that it was inconsistent with Republican philosophy. Others, particularly the Vice President and Secretary Humphrey supported this proposal pointing out that there is urgent need for better medical college facilities.

A large number of specific changes were suggested. Each Cabinet Member is now going to provide a re-write of his particular section -- for another Cabinet discussion of the Message on December 16.

Maxwell M. Rabb
Secretary to the Cabinet

CABINET PAPER—PRIVILEGED

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COPY NUMBER 39

CP - 42

November 30, 1955

The White House

Washington

THE CABINET

State of the Union Message

For consideration by the Members of the Cabinet, attached is a draft of the State of the Union Message.

This draft, being given limited distribution, is for discussion at the coming meeting of the Cabinet; each Member is requested to have his copy with him at that time.

The Members of the Cabinet and the Special Assistants for Cabinet Coordination are requested to take special precautions to protect the privileged nature of this document.

Maxwell M. Rabb
Secretary to the Cabinet

CABINET PAPER

For Consideration

CABINET PAPER—PRIVILEGED
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Copy # 39
November 30, 1955

STATE OF THE UNION MESSAGE

Through the first three years of my Administration, I had the privilege of reporting in person to you on the State of the Union. This year, I have chosen to set aside my custom and report to you by written message.

At the opening of this new year and of the second session of the 84th Congress, the State of the Union must arouse in us all grateful thanks to a provident God whose protection has been ever present and whose bounty has been manifold and abundant.

Today more Americans are at work than at any time in our history. Our people are producing more, earning more, spending more, investing more and building more than ever before. Near the 400 billion dollar annual point, our economy is at an unparalleled level of prosperity. Our security posture commands respect. A spiritual vigor marks our national life.

For the year ahead, every political and economic guide supports a valid confidence that honest and wise effort will be rewarded by an even more plentiful harvest of human benefit.

In the unfinished business of the Republic, many items demand our immediate attention and effective action. We should concentrate on the measures -- private and public -- that powerfully promote the further release of the spiritual resources and the economic energies in our competitive enterprise system; on measures that directly stimulate the further amplification of opportunity for all Americans, free from insecurity in the present and the future; on measures that most surely support the further advancement of the Republic in its leadership toward a prosperous and just peace, secure in its own strength and in a world-wide partnership of friends. There is no excuse for delay in the enactment of such measures. Their purpose is the building of a stronger America.

That man proposes and God disposes must not, however, be far from our thoughts. As we thank Him for the gifts of the past and the promise before us, we must gird ourselves in a high resolve that our conduct as a nation shall nourish freedom and justice and dignity and expanding hope for all Americans; and, so far as within our power lies, for all mankind.

Then, if we encounter setbacks or the obstacles before us at times seem hopeless of removal, our resolve shall hearten us to a perseverance that will assure ultimate success.

At home, we are richly blessed. In great portions of the earth, we possess a definite even though an unsought leadership. The responsibility of this position demands that we address ourselves to the matters of this year with optimism, faith, and such wisdom as we may possess.

Our resources are too many, our principles too dynamic, our purposes too worthy and the issues at stake too immense for us to entertain doubt or fear. But our position requires also that we approach this year's responsibilities with a sober humility.

A heedless pride in our present strength and position is a blind ignorance to the facts of the past, to the pitfalls of the future. We must walk ever in the knowledge that we are enriched by a heritage earned in the labor and sacrifice of our forebears; that, for our children's children, we are trustees of a continent and a time-tested political system; that we prosper as a cooperating member of the family of nations -- the economic and political manifestation of human brotherhood.

In this light, the Administration has continued work on its program for the Republic, begun three years ago. Because the vast spread of national and human interests is involved within it, I shall not attempt its detailed delineation today.

Instead, from time to time during this session, I shall submit to the Congress special messages covering specific proposals within specific fields. In the comprehensive survey required for their preparation, the Administration is guided by these enduring benchmarks of sound policy. The first is:

Our World Leadership

Our world policy and our actions are dedicated to the final achievement of an enduring peace with justice and freedom for all nations.

In this purpose, we move in a wide variety of ways and through many agencies to remove the pall of fear; to strengthen the ties with our partners and to improve the cooperative cohesion of the free world, to reduce the burden of armaments, and to stimulate and to inspire action among all nations for a world of justice and prosperity and peace.

Among these agencies none is more important than the United Nations. In the release of our fifteen fliers from Communist China, an essential prelude was the world opinion mobilized by the General Assembly which condemned their imprisonment and demanded their liberation. The very successful Nuclear Conference, held in Geneva under its auspices, also proved that the United Nations can open many doors.

Another primary instrument of our foreign policy is the Mutual Security Program. Further to fortify this program, our overseas non-military assistance measures were consolidated last July into the International Cooperation Administration and located in the Executive Branch as an integral part of the Department of State; military measures were consolidated in the Department of Defense. I shall ask the Congress to continue all the major elements of this program for the next fiscal year. Enlightened self-interest dictates this investment. Without it America will be weaker; with it, stronger.

The last year has seen major gains for the system of collective security. The accession to the North Atlantic Treaty Organization and Western European Union of the sovereign Federal German Republic, the expansion of the northern tier defense in the Middle East to include Pakistan and Iran as well as Turkey and Iraq, the Manila Pact of Southeast Asia nations are substantial reinforcements for collective security. In this hemisphere, the inter-American security system has continued to show its vitality in maintaining peace.

Last year when I reported to you, there seemed to be little hope of breaking the international deadlock on the crucial problem of disarmament. This year there are signs of progress. At Geneva, I declared the readiness of the United States to exchange blueprints of the military establishments of our nation and the USSR, to be confirmed by reciprocal aerial photography. By placing arms and their deployment in a glass house for all to see, I felt mutual suspicions could be allayed and an atmosphere developed in which limitations of arms could be negotiated.

At the meetings of the United Nations Subcommittee on Disarmament last fall, this proposal was mutually explored and the United States additionally declared itself agreeable to reciprocal ground inspection of key points. (Add developments to January 1 out of Foreign Ministers Conference and UN General Assembly.)

In the relations between the Communist countries and the free world, the last year has seen a marked change in atmosphere. It is still too early to know surely the real meaning of the new attitude.

Communism has long taught retreat and zigzag as a tactic. Whether the current attitude marks a genuine change or is merely a maneuver we cannot yet tell. Wisdom and prudence dictate that our plans be fitted to either contingency. We must not rebuff a change for which the world deeply yearns. But we must not expose ourselves to what might be a mortal risk. Nor shall we abandon our principles or our proved friends.

As a specific example, we have made it clear that we will continue to support the Government of the Republic of China on Taiwan and we will not discuss its rights and interests behind its back. For another, we will maintain our defenses until there is convincing evidence that their reduction does not increase our risk.

But our policy must be dynamic as well as flexible, primarily designed to forward the achievement of our own objectives rather than to meet each shift and change on the Communist front. We must act in the firm assurance that the fruits of freedom are more attractive to men than the promises of Communism. No campaigns are won by undue preoccupation with the enemy's possible moves.

The sum of our international effort should be this: the waging of peace, with as much vigor and enthusiasm, with as great a sense of dedication and urgency, as we have ever mustered in defense of our country in time of war. In these efforts, our most effective weapons are ideas.

The United States Information Agency, for instance, has proved its effective worth in penetrating the curtained silence of dominated nations and the doubting neutralism of others. Because the truth about America is one of our most powerful forces, I shall later recommend an increase in budgetary support of this Agency.

Our Atoms for Peace program has ignited a world-wide interest. The United States in its relations with other countries directly benefits as the principal sponsor of world-wide use of this new energy source. I recommend once again, consequently, authorization of an atomic-powered merchant vessel as a dramatic demonstration of peaceful uses of the atom.

Strong economic ties are an essential element in our free world partnership. Rising volumes of trade and investment between our people and our friends abroad make all of us stronger together. Gratifying progress has been made in this direction, most recently by the three-year extension of our trade agreements legislation. But much of importance remains to be done.

Of exceptional significance in this session is approval by the Congress of our membership in the Organization for Trade Cooperation which would administer the General Agreement on Tariffs and Trade. While leaving firm control of our trade policies in our own hands, our membership in the OTC will evidence our continuing desire to cooperate in promoting expanded trade among the free nations. It will also provide the most effective means for removing discriminations against American exports and it will help protect the validity of our own tariff concessions. By helping insure that we receive in full measure for what we give, the Organization, as proposed, is admirably suited to our interests and to those of nations friendly to us. I strongly urge the early approval of this legislation.

We need also to encourage investment overseas by carefully designed tax incentives. We must further simplify and improve our customs legislation and we need to increase the economic fruits of travel by liberalizing duty-free tourist allowances.

These steps will powerfully strengthen the economic foundation of our foreign policy. Matched by constructive action abroad, the present momentum toward a more open system of trade and payments will be maintained and the power and stamina and vitality of the free world will continue to grow apace.

The stature of our leadership in the free world has increased through the past three years because we have more amply than ever before assured all our citizens equality in justice and in opportunity and in civil rights. We should expand this effort on every front. One particular challenge confronts us.

In the Hawaiian Islands, East meets West. To the Islands, Asia and Europe and the Western Hemisphere, all the continents, have contributed their peoples and their cultures to display under the American flag a unique example of a community that is a successful laboratory in human brotherhood.

Statehood for the Islands is not a part of our foreign policy. But statehood, already supported by the facts and our traditions, would be a shining example of the American way to the entire earth. Consequently, again as last year, I urgently request this Congress to grant statehood for Hawaii.. Also, within the framework I last year communicated to the Chairman of the House Committee on Interior and Insular Affairs, I trust that progress toward statehood for Alaska can be made in this session.

(Windup based on developments out of Foreign Ministers Conference.)

Another guide in the preparation of the Administration's program is:

Our National Security

Defense planning must have long-range perspective. We cannot afford intermittent acceleration of preparation and expenditure in response to tensions of the moment, inevitably followed by the cutbacks inspired by wishful optimism. As a goal, I believe an active duty military strength of something like or under three million men would be reasonable for the present.

We have done much for servicemen in recent years -- and much remains to be done. We must provide them benefits commensurate with their responsibilities and in reasonable relationship to opportunities in civilian life.

A survivors benefit bill now before the Congress will extend to the serviceman, on a contributory basis, the same social security protections which other citizens have and will provide for the serviceman, at little cost to the Government, a reasonable assurance for the future of his family in the event he dies in the service. Other legislation before the Congress would assure the wives and children of servicemen medical care and hospitalization on an equitable basis wherever they might be. This legislation recognizes a fundamental obligation to the members of our Armed Forces.

To reverse an unfavorable trend and eventually make it unnecessary to draft doctors and dentists, legislation is now under study in the Executive Branch which will provide additional monetary incentives to physicians and dentists who volunteer to serve for a stipulated period of time over and above their regular periods of obligated service.

We have built up additional supplies of munitions and special military equipment, adjusting our stockpiles of physical reserves to efficient levels. We have improved the relationship between the Government and private industries. But in many respects the authorizations of the Congress upon which this relationship is based rest on temporary laws. Permanent authorizations in some additional areas will permit better long-term planning.

Information available to me indicates that the United States now has a narrow technical superiority in tangible tools of war. But we must develop -

and soon -- our atomic weapons systems and their associated land, naval and air vehicles. Revolutionary changes now taking place make it necessary that research into new forms of weapons and the tactics for their employment be pursued vigorously and imaginatively.

We must move equally effectively and positively in the field of civil defense, which has become an integral part of the nation's defense system and requires development as a deterrent force similar to our military defense system and our retaliatory capacity. On this vital matter, I shall later have a reorganization plan to submit for the consideration of the Congress.

Of no less importance to our nation's security is a continuing alertness to internal subversive activity both within and without governmental affairs. Despite factional controversy on this subject, I wish to state positively and unequivocally that this Administration will not relax its efforts to deal forthrightly and vigorously in protection of this government and this nation against subversion, at the same time tightly preserving the constitutional rights of our citizens.

A third and important feature in program planning is:

Our Fiscal Integrity

A public office is, indeed, a public trust. None of its aspects is more demanding than the proper conduct of the public finances. I speak now not of the indispensable virtues of plain honesty and trustworthiness but rather of the prudent and conscientious management of tax money. I speak also of the attitude of mind that makes efficient and economical service to the people a watchword in our government.

A balanced budget is the surest index to thrifty management -- in a home, in a business or in the Federal Government. When achievement of a balanced budget is for long put off in a business or home, bankruptcy is the result. But in similar circumstances the Federal Government, in effect, can resort to printing additional money, affecting every home and every business disastrously, cheapening every dollar and every investment in personal security, threatening every individual budget in the economy, and particularly destroying the values of insurance, bonds, pensions, savings accounts.

We have made long strides these past three years in bringing our Federal finances under control. The deficit for fiscal year 1953 was almost 9-1/2 billion dollars. Larger deficits seemed certain -- deficits which would have pushed the cost of living still higher and further depreciated the value of the dollar. But government waste and extravagance were searched out and eliminated. Non-essential activities were dropped. Government expenditures were cut by 14 billion dollars below the amount planned by the previous Administration for fiscal year 1954.

Exhaustive studies of the entire governmental structure were made by the Commission on Intergovernmental Relations and the Commission on the Organization of the Executive Branch of the Government -- the reports of these Commissions even now under intensive review and already in the process of implementation in important areas. Last year our progress toward a balanced budget was temporarily but intentionally deferred so that we could employ a massive tax reduction to spur the economy along the road to expansion.

Under the present rate structure, a massive deficit is inescapable in the Post Office Department. In the past three years, it has been overhauled. A new wage and incentive plan for its half million postal employees has been established. Nearly one thousand post offices have been built. Financial practices have been modernized and transportation and operating methods are being constantly improved. The public benefits by more than seventy changes in mailing procedures. Never before have our post offices handled so much mail so quickly and so economically.

The Post Office Department faces two serious problems. Its physical plant -- post offices and other buildings -- are obsolete and inadequate. Many new buildings and the modernization of present ones are essential if we are to have good mail service. Hampering this is its fiscal plight. With the addition of 200 million dollars to its costs due to recent wage increases and the need to constantly expand mail deliveries to meet the requirements of our growing country, the Department now faces an annual deficit of one-half billion dollars.

I shall deal with these problems of the need for modern postal facilities and for additional postal revenues in special messages to be sent to the Congress. The ultimate goal is a postal service second to none -- a service whereby a letter mailed today will be delivered anywhere in the country tomorrow.

In spite of the postal deficit, the buoyancy of the revenue arising from the strong expansion of the economy, coupled with a constant care for efficiency in government operations and an alert guard against controllable waste and duplication, brings us within sight of a balance between income and expenditure. This is being done without any weakening of our military security. I expect the budget to be in balance during this fiscal year. I expect further to submit a balanced budget for the next fiscal year.

In order that the government's income may cover expenditures, I must request the Congress to maintain excise and corporation taxes at their present levels for another year past April 1. We must not now further reduce personal income taxes. In today's general prosperity, fiscal integrity requires of us more courage and concern for our children and theirs than to borrow so we can cut our own taxes now. Conceivably, circumstances in a few months might justify a modest tax reduction which would not unbalance the budget. If so, but not until then, I shall favor another tax reduction as a further step toward a tax structure better adapted to serve equity and to sustain long-term economic growth.

A fourth element with which we are concerned in a program for America is:

Our Strong Economy

In its operation from the earliest days, our competitive enterprise has consisted of the tireless energy of free human beings limited by prudent restraints in law, depending upon free markets to plan, organize and distribute production, and spurred by the prospect of reward for successful effort. This system has developed our resources. It has marvelously expanded our productive capacity. Against the record of all other economic systems devised through the ages, this competitive system has proved the most creative user of physical resources and human skills.

This is still true in this era when improved living standards and rising national requirements are accompanied by swift advances in technology and rapid obsolescence in machines and methods. These complications make it imperative -- to assure effective functioning of our enterprise system -- that the Federal Government concern itself with certain broad areas of our economic life. I shall briefly mention four of these areas today preliminary to their fuller discussion in later special messages.

Agriculture. In many areas, our farm people are not sharing as they should in the general prosperity which marks the transition from war to peace. They alone of all major groups have seen their incomes decline rather than rise. They are caught between two millstones -- rising costs and declining prices.

None of the many domestic problems inherited by this Administration is more deepseated, none more needful of honest, imaginative treatment than the problem of agriculture. The productive capacity of an acre has been multiplied many times by a never-ending technological revolution that has brought forth hybrid seeds, new fertilizers, fungicides, insecticides, antibiotics for animal diseases and new tools and implements. Foreign markets shrank sharply after the war years. Laws, attuned to wartime needs and too long retained, encouraged peacetime production in lines where markets were not available. The result was inevitable with the return of peace -- a piling up of mountainous government-owned surpluses.

Our objective must be a dynamic farm program which brings production into balance with markets at prices that yield to farmers a return for their work in line with what other Americans get.

The dimensions of government responsibility are as complex as the farm problem itself. We are here concerned not only with a vast production system of food and fiber, but also with a way of life. Both are essential to our well-being and strength as a nation.

It is folly to think that some quick new cure-all can suddenly dispel problems which have been built up over a period of years. Hope lies in steady, persistent, imaginative advance within the guidelines of sound and established policy.

Accordingly, I am recommending a program which will help pull down the surplus and more effectively balance production with needs.

I shall submit to the Congress, this month, my detailed recommendations with respect to this program.

Area Redevelopment. In addition to our determination to improve the position of agriculture, we must help deal with the pockets of chronic unemployment that here and there mar the nation's general industrial prosperity. Technological advances in recent years have been often so rapid and far-reaching that areas committed to a single local resource or industrial activity have found themselves temporarily deprived of their markets and their livelihood.

Such conditions mean severe hardship for thousands of people as the slow process of adaptation to new circumstances goes on. This process, I have always believed, can be speeded up.

Last year I authorized a major study of the problem to find additional steps to supplement existing programs for the redevelopment of areas of chronic unemployment. I shall soon submit proposals designed to supplement with Federal technical and loan assistance local efforts to get on with this job. Improving such communities must, of course, remain the primary responsibility of the people living there and of their states. But a soundly conceived Federal partnership program can be of real assistance to them in their efforts. This assistance we must provide.

Resources Conservation. Water, in particular, is a critical element in the production plant economy. A few generations ago its use was largely restricted to human consumption, the transport of goods and the production of power on a limited scale. Now it plays a major role in industrial processes, in electrical power, in irrigation as well. But as the use of water has sharply increased the water table in a great many areas has fallen sharply.

Fertile soil, too, may soon enter the critical list. Although soil conservation is now accepted practice across the continent, this fundamental resource in the continuing prosperity of the Republic requires more comprehensive measures than those now in effect. Here we cannot be satisfied with mere maintenance of the present level, we must restore fertility and bank it for future generations.

A comprehensive legislative program for water conservation will be submitted to the Congress in the coming session, I strongly recommend that action be taken this session on the Colorado River Storage Project, the Frying Pan-Arkansas Project and the John Day, Whitebridge, Cougar and other partnership projects contained in it. In special messages this year, proposals for the conservation of soil and other natural resources will be submitted.

Disaster Protection. A modern community is a complex combination of skills, specialized buildings, machines, communications. Most importantly it involves human lives. Disaster in many forms -- by flood, frost, high winds, for instance -- can destroy on a massive scale in a few hours the labor of many years.

Through the past three years, the Administration has repeatedly moved into action where disaster struck anywhere in the country. Thereby, I believe, the general welfare was promoted by the Government's immediate concern for local welfare in a situation that could not be effectively handled by the States alone. But funds and legislation have been inadequate. This subject, too, will be treated in a special message this session.

These broad aspects of our economic life do not exhaust the Administration's economic program for this session. The road bill, for example, is even more urgent this year than last, for twelve months have now passed in which we have fallen further behind in road construction for the personal safety, the general prosperity, the national security of the American people. And other measures will be submitted, in addition to those pending before, to the Congress that our production plant may continue now and in the distant future the wonder of the world and the assurance of America's constantly rising standard of living.

By welcome contrast, we have witnessed in this past year steady improvement in the health of small business improvement which is testimony to the vitality of our free enterprise economy. Yet more is needed in this critical area. I have directed that a major program be undertaken in the months ahead to give increased assistance to small business. This program will include continuance of our present efforts to channel more loans to worthy small businesses. It will include assistance to local credit corporations to assist them in carrying the burden of making loans to small firms. It will include improvement of programs to assist small businesses in obtaining more equity capital and also will increase the small business share of government procurement. Additionally, the exceptionally vigorous anti-trust program to protect and preserve our competitive enterprise system will continue to go forward -- a program which in the past three years has exceeded in vigor any comparable effort in many years.

A final consideration in our program planning is:

Our Human Resources

A basic and fundamental belief shines forth in America. We believe in the worth and dignity of the individual. We know that if the people are to govern themselves wisely -- in the tradition of America -- they must have the opportunity to develop their individual capacities to the utmost. This opportunity is the key to the perpetual building of our greatest asset -- our human resources.

To fulfill the individual's aspirations in the American way of life, education is fundamental. We do, however, have pressing problems there. The best way to solve them is for the people -- the parents, teachers, and others who are closest to the schools on a local and State level -- to reflect in action their deep concern and responsibility. They will not yield to swift or easy solutions, or to any single, sweeping action by the Federal Government. They will yield only to a continuing, active, informed effort by the people toward better schools.

With this premise, I proposed, and Congress adopted, a program for an unprecedented series of citizen conferences on education. Thousands of meetings have been held within school districts, communities and States, culminating in the White House Conference on Education five weeks ago.

One of the many pressing problems under study is the shortage of classrooms for school children. We now have the benefit of Congressional hearings and extensive testimony of last year and of the White House Conference on Education. Again I urge that the Congress no longer delay prompt and affirmative action in enacting a strong and effective program to provide more schools.

Certain basic principles should be followed if this program is to be sound and actually accomplish the result we seek. It is imperative that State and local efforts not be reduced because of Federal aid; if this should happen, Federal aid will fail in its purpose.

The old-age and survivors insurance program now helps protect nine out of ten American workers in their old age and their families against loss of income due to death of the family breadwinner. But improvements are needed and can prudently be made at this time.

Old-age and survivors insurance protection should be extended to groups not now eligible. The qualifying age should be lowered from 65 to 60 for payment of benefits to workers forced into premature retirement, with loss of income, by total disability. Payment of children's benefits should be simplified and consolidated for both income tax withholding and social security purposes.

In the field of health, the nation has made dramatic progress. And yet in the changing patterns of society new and perplexing problems have developed. Greater than ever is the need for medical research. A relatively small investment there can open new frontiers of knowledge. This investment will pay big dividends in reducing the cost of medical care in future years. Accordingly, I shall recommend a substantial increase in Federal funds for a well-balanced program including basic research into the causes, prevention, treatment and cures of the diseases that exact the heaviest toll today -- cancer, mental illness, heart disease, the virus diseases, and others.

Finally, in the field of health, we must help cushion the heavy cost of illness or hospitalization to individuals and families. Health insurance coverage should be extended to many persons who are not included now; plans should be evolved to provide more protection against catastrophic types of illness or hospitalization. I believe that a broad re-insurance plan -- either private or Federal -- or a systematic method of pooling risks will hasten the process of extending and improving health insurance protection for the people. This will help overcome the dollar barrier between many Americans and the benefits of modern medical care.

Our concern for the health of our people is paralleled by our concern for the welfare of our working people. In this area as in others I have mentioned I am disappointed by failure of the Congress to act last year.

Improvement of the Labor Management Relations Act is urgently needed. The recommendations I have already submitted to the Congress and which are now pending in bill form for its consideration take fully into account not only the interests of labor and management but also the public welfare. These should be enacted without further delay for the good of all our people.

We must also carry forward the job half completed last year in increasing the minimum wage. I have previously urged this Congress to consider broadening the coverage of minimum wage. I urgently repeat that recommendation. Moreover, as requested last year, legislation is urgently needed to clarify the so-called Eight Hour Laws for the benefit of workers on Federal and Federally-assisted construction and other public works.

I shall soon propose legislation to assure adequate disclosure of the financial affairs of each pension and welfare plan to afford substantial protection to their beneficiaries. Occupational safety still urgently needs attention, as I pointed out last year, and the need for legislation to improve the Longshoremen's and Harbor Workers' Compensation Act is still acute. The improvement of the District of Columbia Unemployment Insurance Law and legislation to provide District employees with non-occupational disability insurance is no less acute now than it was twelve months ago. I most earnestly urge the Congress to move swiftly to implement these needed labor measures.

In the field of human needs, we must also carry forward the Administration's comprehensive housing program which is contributing so greatly to the well-being of our people and the prosperity of our economy. For this, most of the legislative authority already exists. However, a firm program of public housing is essential until the private building industry has found ways to provide adequate housing for low-income families. I shall propose authority to contract for 35 thousand additional public housing units in each of the next three fiscal years. This public housing should be made available only to communities which make it a part of a comprehensive and integrated attack on slums and blight.

We must make certain that housing is available to meet the special needs of the growing number of older people. I shall propose several amendments to the National Housing Act to assist the private homebuilding industry as well as charitable and non-profit organizations in meeting the housing needs of the elderly. Legislation will also be proposed to make a reasonable proportion of public housing available to low-income families and single persons.

The legislation I have recommended for our working people presumes a parallel effort affecting the welfare of our government employees. A number of needed legislative improvements are already pending before the Congress. Other recommendations for Personnel Management legislation will be forwarded in this session. I earnestly hope that the Congress will act favorably and promptly on the following specific legislative items in this session:

1. Appropriate increases in the salary rates for positions now covered by the Executive Pay Act and related statutes, including the necessary adjustments in pay scales for top career positions. This proposal will provide for the establishment of a necessary and coordinated relationship between Executive pay and other statutory pay rates throughout the Executive Branch.

2. A voluntary system of prepaid group health insurance for Federal employees and their dependents.

3. Major improvements in the Civil Service Retirement system along the lines of those recommended by the Committee on Retirement Policy for Federal Personnel.

4. General statutory authority for Government agencies to use outside training facilities when it is in the interest of the Government to do so. This is necessary to complement the general training policy I have established in the Executive Branch.

5. Special legislation for overseas personnel. This will include Home Leave proposals as submitted to the last session of Congress, omnibus legislation on overseas allowances and differentials, omnibus legislation providing basic authorities for administration of alien employees in overseas areas, and proposals for overseas medical care. It is also planned to submit a proposal for a career personnel system for agencies engaged in foreign affairs activities, where current provisions are not adequate. As rapidly as possible, necessary legislation will be proposed regarding civilian employment in the Panama Canal Zone, to implement the Memorandum of Understandings reached with the Republic of Panama.

I know that every member of this Congress shares with me a continuing concern for the welfare of those who have served this nation in the armed forces. The Commission on Veterans Benefits is at this time conducting an exhaustive study of the entire complicated field of veterans benefits and soon will recommend to me proposed improvements which I know will deeply interest all veterans and the affected committees in this Congress. Shortly after completion of this study, I shall communicate with the Congress giving my recommendations on the views so submitted to me.

The Survivor Benefits legislation already mentioned with respect to the personnel of our armed forces is of equal concern to the dependents of veterans who died from service causes, and again I express the hope that this measure will soon be written into law.

We are proud of the progress which has been made in the field of civil rights. The most recent achievement in this area is the desegregation of Washington, D. C., the nation's capital, which has just been virtually completed. We should expand this effort on every front. A few particular challenges still confront us.

There are disturbing indications that in a few restricted localities in our nation citizens are being deprived of their right to vote and are otherwise being subjected to unwarranted economic pressures. While the Federal Government is without constitutional authority to intervene directly in these problems which usually are of State concern, I recommend that legislation be enacted which would direct attention to this situation; this would include legislation to eliminate the use of the poll tax as a prerequisite to voting, to make lynching a Federal offense, and to initiate a Congressional study to explore allegations of interference with the right of franchise.

The District of Columbia should be given the privilege of Home Rule.

I again urge upon the Congress the need for revision of the immigration and nationality laws, in keeping with our responsibility of world leadership and in our own self-interest. This country has always benefited from the contributions of immigrants to our shores. The opportunity to come here should be based on the character and capabilities of the persons seeking admission and should not be arbitrary or discriminatory. I recommend that quotas should be determined on a more liberal and equitable basis and that provision should be made for greater flexibility in their use. I shall send a special message to the Congress in the near future on the subject of the Immigration and Nationality Act.

I am happy to report substantial progress in the flow of refugees under the Refugee Relief Act of 1953 through executive action; however, I again request this Congress to approve without further delay the urgently needed amendments to that act which I submitted in the last session.

I wish to call to the attention of the Congress the increasing pressure upon Federal prison facilities due to the lamentable increase in crime and the failure to construct any new Federal prisons for nearly twenty years. I have requested the Attorney General to prepare a long-range program looking to the expansion and improvement of our penal system, and this program will be laid before the Congress at an early date. For every humanitarian reason, I urge its sympathetic consideration.

Once again I ask the Congress to join with me in demonstrating the strength of our belief in the right of suffrage. Again, as last year, I urge that a Constitutional Amendment be submitted to the States to reduce the voting age for Federal elections. Again, as last year, I renew my request that the principle of self-government be extended and the right of suffrage granted to the citizens of the District of Columbia.

To conclude: the vista before us is bright. The march of science, the strength of the economy, the advance in collective security toward a just peace -- this threefold movement is a heartening spiral in the standards by which the future of the Republic may be judged.

Their promise, however, will be realized only in our single-minded devotion to the common good of America in a world where freedom and justice gain new hold on men's minds.

There are national objectives which surpass partisan victories in their reward for us all. They are the well-being, the prosperity, the security of all Americans in every walk of life, on every farm and in every community, at home and in every outpost of national duty.

To the attainment of these objectives, I pledge the Administration, as in the session ahead, it works on a program for submission to you, the Congress of the United States.

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CABINET PAPER—PRIVILEGED

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CA - 39

November 30, 1955

The White House

Washington

THE CABINET

Agenda

9:00 A.M., Friday, December 2, 1955

1. The State of the Union Message	CP - 42	The Vice President Mr. Kevin McCann
2. The Organization for Trade Cooperation (OTC)	CI - 35	The Secretary of State

Maxwell M. Rabb
Secretary to the Cabinet

CABINET PAPER

For Action

CABINET PAPER—PRIVILEGED
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CI - 35
November 30, 1955

THE WHITE HOUSE
Washington

THE CABINET

The Organization for Trade Cooperation

For information of the Cabinet, attached is a paper prepared by the Department of State which describes what the Organization for Trade Cooperation is and why it will be advantageous to the United States to become a Member.

H.R. 5550, authorizing U.S. Membership, is expected to be considered early in the coming session of the Congress.

The attached paper, distributed earlier to the Council on Foreign Economic Policy, is circulated as background for the presentation of this subject by the Secretary of State at the coming Cabinet Meeting.

Maxwell M. Rabb
Secretary to the Cabinet

CABINET PAPER
For Information

THE ORGANIZATION FOR TRADE COOPERATION

Coordinated Effort Needed to Obtain Legislation

The White House on July 15 made public an exchange of correspondence between the President and the Chairman of the Committee on Ways and Means, in which it was agreed that H. R. 5550, to authorize United States membership in the Organization for Trade Cooperation (OTC), would be considered early in the coming session of Congress.

The President has supported this Bill in the strongest terms, both in his April 14 message to Congress and in his exchange of correspondence with the Chairman of the Committee.

The same type of coordinated effort is needed to obtain legislative approval of United States membership in the Organization for Trade Cooperation as was undertaken in support of H.R. 1.

What the Organization for Trade Cooperation Is

The proposed Organization would administer the General Agreement on Tariffs and Trade (GATT), which is the major instrument for the attainment of United States objectives in the field of international trade. The General Agreement is a multilateral trade agreement, in which 35 major trading countries have reduced trade barriers and agreed to certain principles of fair conduct in their commercial relations. The United States has participated in the General Agreement on Tariffs and Trade for eight years under the authority vested in the President by the Trade Agreements Act.

The General Agreement on Tariffs and Trade is the only major multilateral agreement which has no regular organization to obtain its full advantages for participating countries. At present, various tasks such as seeking an end to discrimination in trade, arranging for tariff negotiations, and settling trade disputes among participating countries must generally await the annual meeting of all the members held once a year. Long delays result.

Experience calls for more effective administration. As originally established, the General Agreement on Tariffs and Trade was to have no organization of any kind, no executive committee, and no staff of its own. It was contemplated that the Contracting Parties would meet from time to time in plenary sessions to transact their business.

When this did not work, an ad hoc committee, with limited responsibilities, was established to handle some of the business of the General Agreement between annual sessions of the participating countries. A temporary arrangement for secretariat services was also made.

The defects in such makeshift arrangements became increasingly apparent and its correction became an important part of President Eisenhower's foreign economic program. The Commission on Foreign Economic Policy recommended that the organizational provisions of the GATT be renegotiated and that they should be submitted to the Congress for approval.

Therefore, the United States initiated negotiations resulting in the Organization for the Trade Cooperation agreement. This was done this past year with the full endorsement of the Administration, and the President asked Congress to authorize United States membership in the proposed OTC.

In addition to administering the General Agreement, the Organization for Trade Cooperation would serve as a forum for consultations on trade questions and would provide trade information for its members.

The Organization for Trade Cooperation would consist of an assembly, an executive committee, and a secretariat. The assembly would include representatives of all governments adhering to the General Agreement. It would meet regularly once a year. The executive committee would consist of representatives of 17 governments. These would always include the five countries of chief economic importance,--a condition which assures that the United States would always be a member.

At present, the United States' share in the annual budget for the GATT is about $65,000. It is expected that the budget of the OTC will not be substantially increased and that the United States' share will remain approximately the same.

Advantages to the United States

The United States has a heavy stake in a more effective administration of the General Agreement on Tariffs and Trade. Congressional authorization for United States membership in the Organization for Trade Cooperation would demonstrate to the free world our active interest in cooperating to promote trade among the free nations. From the economic standpoint it would help this country obtain more promptly for our industry and agriculture the full benefits of participation in the General Agreement on Tariffs and Trade.

Political Advantages

The United States in the post-Geneva period faces a test in its international commercial relations. If the United States participates in the Organization for Trade Cooperation, it will be a firm indication of our willingness to cooperate in the trade field with other nations of the free world in the same way as we do in other fields; in the military area by our participation in NATO and SEATO; in the financial field by our participation in the International Monetary Fund and the International Bank for Reconstruction and Development.

As the President stated, the reasons for our cooperation with other countries in the trade field are "overwhelming."

United States membership in the OTC will strengthen our relations with other countries of the free world. This is especially important today in the trade field since the Soviet Government is showing increasing interest and resourcefulness in creating trade problems to divide the free world. In fact, the Soviet leadership seems to have launched an offensive designed to make nations of the free world more economically dependent on the Soviet Union. The Soviet Bloc appears ready to make economic sacrifices for the purpose of using trade deals to disrupt cooperation among Western countries.

Uncertainty concerning United States policy would multiply Soviet opportunities to disrupt Western cooperation. If we withhold our leadership and cooperation in the economic field, the Soviet will move into the vacuum created.

The new Organization would also provide facilities for reducing tensions among countries of the free world. The improved administrative machinery for implementing the General Agreement on Tariffs and Trade would, for example, make it possible to deal more effectively with such problems as arose between Pakistan and India.

In 1953, a dispute arose between those countries involving jute from Pakistan and coal from India. A committee of the GATT Contracting Parties acted as mediator. Within six months the dispute was settled to the satisfaction of both countries. Had permanent administrative machinery been available, it might have been possible to start the mediation earlier and solve the problem in a shorter period of time.

In summary, since the United States has assumed the economic, as well as the political and military, leadership of the free world, it is in our best interests to have facilities that will help us to exercise that leadership in a framework of cooperative participation with other countries. The proposed Organization for Trade Cooperation would provide such a mechanis

Economic Advantages

The improved administration provided by the OTC would insure that we would get the full benefits of the GATT more promptly.

The biggest job that the United States has ahead of it in the trade field is obtaining the removal of discrimination against United States exports. This statement is not intended to detract from the important trade benefits which the United States has obtained from the GATT in the last eight years. Because of the GATT world trade barriers have been substantially lowered. Tariff concessions have been made on some 60,000 items, affecting almost 60 percent of the world's trade. Our participation in the GATT is producing tangible dividends for United States trade.

As European recovery developed, we have also been able, through the General Agreement, to encourage the principal trading countries of the world to dismantle their systems of quotas and import licenses which they had imposed in order to ration their limited supply of dollars. Canada led the way. South Africa, Belgium, Holland, Germany, Sweden, Denmark, and the United Kingdom have all permitted more and more American goods to enter their markets free of discrimination. Most Western European countries have made substantial progress since 1953 in removing their quotas on dollar goods. Between 1953 and 1955, 14 Western European countries have removed quantitative restrictions on dollar imports amounting to more than 60 percent of such imports.

We are thus moving toward fuller realization of the tariff concessions that have been granted to our exports since 1948. However, a big part of our task still lies ahead. France, for example, has yet to liberalize. Austria and Italy have made only hesitant steps in the direction of liberalizing dollar imports. Germany's improved foreign exchange position makes it possible for her to eliminate additional restrictions on dollar imports.

The OTC would help us move ahead and obtain even more effective modification of restrictions against our trade.

Here is another illustration of the need for improved administration of the GATT. In April 1954 the United States complained to the French Government because of France's special compensatory tax on imports. Since the Contracting Parties to the GATT did not meet until toward the end of the year, the item had to wait until January 17, 1955 for a favorable decision from the Contracting Parties. This settlement could have been speeded up considerably had there been permanent administrative machinery, including an executive committee which could assemble at short notice.

In this as in a number of other cases, the multilateral approach succeeded where the bilateral approach failed. The United States Embassy in Paris took the matter up with the French Government in April 1954. The French refused to accept the United States interpretation that the compensatory taxes were in violation of the French commitments in the GATT. It was only after the decision of the Contracting Parties that the French Government agreed to modify its compensatory taxes.

The OTC would also foster United States economic interests by forestalling the imposition of new restrictions against our exports. Countries would hesitate to impose new restrictions and would act more promptly to remove existing discriminations if they were faced at once with the collective judgment of the principal trading nations in the Organization for Trade Cooperation.

The effectiveness of the collective approach is also clearly shown by the recent Belgian and German coal cases. In both, the United States tried for almost a year to deal bilaterally with each of these countries. We could not get them to remove import restrictions on United States coal. It was only after the matter was discussed within the GATT framework, and the pressure of collective opinion was focused on the problem, that Germany and Belgium eased their import restrictions against United States coal and granted licenses for additional imports. Results like this could be speeded if the OTC were in operation.

Finally, since the objective of the GATT is to remove governmental barriers to trade, the Organization for Trade Cooperation would help to promote in other countries adherence to the principles of free, private enterprise and freedom from government control, keystones of our economic policy at home.

Organization for Trade Cooperation Not a Supra-National Agency

The Organization for Trade Cooperation would not be a supra-national agency. It would have no power to impose obligations on any of its members. This is specifically stated in the Agreement. It would have no power of compulsion. It would strive to induce compliance by persuasion or by releasing other members from their obligations to a member which infringes the provisions of the General Agreement.

No New Commitments Involved

Membership by the United States in the Organization for Trade Cooperation involves no new trade commitments. For example, it adds nothing to our obligations under the General Agreement. Nor would it have any effect on the United States tariff structure. Approval of H.R. 5550 by Congress makes no additions to the President's authority with respect to tariff concessions. The function of the OTC is wholly administrative. Its sole objective is to create a more orderly medium for the consideration of trade questions.

The President had before him all phases of the legal questions involved in this proposal prior to sending his message to the Congress, in which he urged approval of United States membership in the Organization for Trade Cooperation.

United States Will Decide Fate of the OTC

The establishment of the Organization for Trade Cooperation is dependent upon United States willingness to participate. The Organization can come into effect only when countries representing 85 percent of the international trade of all GATT countries join. Since the United States has approximately 20 percent of that trade, United States refusal to participate would in effect act as a veto on the establishment of the Organization.

THE SECRETARY OF COMMERCE
WASHINGTON

MEMORANDUM FOR

THE CABINET

THE FACTS ABOUT THE OTC -- THE ORGANIZATION FOR TRADE COOPERATION

I. WHAT IS OTC?

The OTC would be an organization composed of government representatives from 35 countries, including the major trading nations of the world.

Its major job would be to administer the General Agreement on Tariffs and Trade, in which the U. S. has been participating for a number of years.

H. R. 5550 would authorize the U. S. to join the proposed OTC.

II. WHAT OTC CANNOT DO

OTC would be exclusively an administrative organization. It could not add to U. S. obligations under the General Agreement. It could not abridge the powers of the Congress with respect to customs or import duties. It could not make tariff concessions or modify in any way the U. S. tariff structure.

OTC would not be supra-national in any respect. It could not impose obligations on its members. Its method would be persuasion. It could not impair in any way the sovereignty of the United States.

III. NEED FOR OTC

OTC, by attacking measures which discriminate against U. S. exports and limit the benefits of tariff concessions made to us, would help make our trade agreements truly reciprocal and would facilitate expanding markets abroad for U. S. industry and agriculture.

Today the General Agreement has no regular administrative machinery. Its business can be conducted, therefore, only at intermittent conferences -- this time loss and inefficiency is hurtful to all participating nations. For example, in April 1954 France specially taxed imports from the U. S. and other countries. With OTC the U. S. could have had prompt action -- without it we had to wait for nearly a year until the cumbersome ad hoc machinery of the General Agreement could be brought to bear on the problem.

OTC is therefore indispensable if we are to resolve currently the many issues constantly arising in day-to-day trade among nations.

OTC would also provide a forum for discussion and solution of other world trade problems, each government remaining entirely free to adopt or reject OTC recommendations.

OTC would also have the important function of assembling and publishing valuable data on world-wide trade movements and trends.

IV. OTC WOULD INCREASE U. S. BENEFITS FROM THE GENERAL AGREEMENT

Today a number of political, military and financial groupings strengthen the free world and advance American interests abroad. Among these are:

NATO (North Atlantic Treaty Organization)
SEATO (Southeast Asia Treaty Organization)
IMF (International Monetary Fund)
IBRD (International Bank for Reconstruction and Development)

Each of these international agreements has an administrative organization to make it effective. The General Agreement does not and, therefore, is reduced in value to the U. S. and every other participating nation. With Soviet economic activities on the increase, the U. S. must strengthen its cooperation with free nations in the trade field. OTC is essential to this end.

V. U. S. GAINS FROM THE GENERAL AGREEMENT

The General Agreement is a multilateral trade agreement among 35 trading nations, including the United States. It is the principal instrument for promoting internationally those trade policies which have been the United States' own objectives for many years.

The one major difference between the General Agreement and U. S. policy was eliminated in 1955 when the participating countries gave the U. S. a broad waiver to impose import quotas unilaterally on agricultural products as required by our domestic agricultural laws.

Under the General Agreement many reciprocal tariff reductions have been negotiated and the benefits guaranteed to all members including the United States.

The General Agreement encourages the abolition of quotas and import licenses injurious to American enterprise. Between 1953 and 1955, 14 Western European countries removed quantitative restrictions on more than 60 percent of dollar imports.

Through the General Agreement, Belgian and German restrictions on imports of U. S. coal have been almost entirely eliminated, rapidly expanding our coal exports. Previous bilateral discussions between the U. S. and these countries had failed to accomplish this reduction.

Through mediation under the General Agreement international commercial disputes such as one between India and Pakistan involving jute and coal have been amicably settled.

Closer trade cooperation among members of the General Agreement has strengthened the Western alliance.

VI. SUMMARY

A. THE UNITED STATES HAS BEEN PARTY TO THE GENERAL AGREEMENT FOR EIGHT YEARS.

B. THE OTC, THE AGREEMENT'S ADMINISTRATIVE ORGANIZATION, IS ABSOLUTELY ESSENTIAL IF U. S. AGRICULTURE, LABOR, AND INDUSTRY ARE TO RECEIVE MAXIMUM BENEFITS FROM THE GENERAL AGREEMENT.

C. OTC COULD NOT REDUCE U. S. TARIFFS, INCREASE U. S. OBLIGATIONS UNDER THE GENERAL AGREEMENT, OR IMPAIR U. S. SOVEREIGNTY IN ANY WAY.

D. ADOPTION OF H. R. 5550 AUTHORIZING U. S. PARTICIPATION IN THE OTC IS IN THE NATIONAL INTEREST.

Sinclair Weeks

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December 14, 1955

The White House

Washington

THE CABINET

Record of Action

The following is the action taken on the items presented at the Cabinet Meeting of December 9, 1955:

1. Report on Agriculture -- Proposed Legislative Program

/Two memoranda, distributed at the meeting by the Secretary of Agriculture/

ACTION:

(a) The proposals presented by the Secretary of Agriculture will be the basis for his developing additional details concerning each of them, and for the necessary further study and coordination on those points where reservations were expressed -- in preparation for the drafting of a proposed Presidential Message to the Congress.

(b) Agreement was reached on $500,000,000 as a ceiling, through FY 1957, for the net cost to the Government of whatever detailed new agricultural legislative program is finally approved.

(c) The President requested each Cabinet Member to take special precautions to ensure against premature disclosure of these proposals.

Maxwell M. Rabb
Secretary to the Cabinet

CABINET PAPER

For Action

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ADMINISTRATIVE MARKING
E.O. 11652, Section 1
By DHe NLE, Date 8-6-76

MINUTES OF CABINET MEETING

December 9, 1955
9:20 A.M. - 11:40 A.M.

At Camp David, Maryland

The following were present:

President Eisenhower

VicePresident Nixon
Under Sec. Hoover
  (for Mr. Dulles)
Sec. Humphrey
Sec. Wilson
Mr. Brownell
Mr. Summerfield
Under Sec. Clarence Davis
  (for Sec. McKay)
Sec. Benson
Sec. Weeks
Sec. Mitchell
Sec. Folsom

Director Hughes
Dr. Flemming
Chrm. Young
Dr. Joseph S. Davis
  (for Dr. Burns)
Gov. Stassen

Under Sec. of Agriculture Morse
Asst. Sec. of Agriculture Butz
Dr. Don Paarlberg, Agriculture
Mr. Ted Braun, Agriculture

Gov. Adams
Gen. Persons
Mr. Hagerty
Mr. Morgan
Mr. Martin
Dr. Hauge
Gov. Pyle
Gov. Seaton
Mr. McCann
Mr. Harlow
Col. Goodpaster
Mr. Rabb
Mr. Patterson
Mr. Minnich

The meeting was delayed for twenty minutes because weather conditions required participants to come by car rather than helicopter.

The President opened the meeting by noting the requests he had had for particular people like the Postmaster General to speak at particular places for the "Salute to Eisenhower" dinners on January 20th. Gov. Pyle indicated it was a matter of competition among the cities. Sec. Humphrey noted that the National Committee was making the assignments. The President expressed his understanding but went on to note his difficulty in getting the people in Denver to understand.

Farm Program - Sec. Benson introduced this hour-long presentation by recalling the thirty-year struggle of farmers to overcome unequal depressions, by noting the seriousness of the cost-price squeeze, and by

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stating that the fight for flexible price supports had been concluded successfully. He asked the Cabinet to keep in mind (1) that the five million farmers constitute 13% of the population, (2) that their economic situations vary widely, (3) that some twenty million non-farm workers are engaged in serving the needs of the agricultural population, (4) that farmers draw over 50% of their income from livestock, (5) that 25% of farm income is derived from six basic crops out of a total of 136 crops produced, (6) that the volume of production and farmers' costs must be considered along with unit prices, (7) that acreage cultivated is not the sole determinant of quantity of production, and (8) that most agricultural progress since 1875 has resulted from research, education and freedom.

Sec. Benson then stated that the sound program to be presented was based on the best judgment of Cabinet members, White House staff, and non-Governmental experts.

Assistant Secretary Butz then presented a series of charts showing the background of current farm problems and covering such things as long-term trends of total farm production, price-cost relationships, price fluctuations, net income from farming, per capita income, foreclosures, carry-over of major commodities, obligation of CCC funds, surplus disposal, and a comparison of dollar receipts this year and last in each state. He concluded with comments on the hog cycle and indicated that liquidation of breeding stocks is well under way and will proceed favorably unless premature Government action interferes. He believed the situation would be under good control by the Fall of 1956.

Sec. Benson then set forth the several proposals for (1) a comprehensive soil bank program costing $500 million the first year; (2) creation of an Assistant Secretary for Surplus Disposal and a seven-point program for increasing surplus disposal (increased grants and donations to low income people at home and abroad; sales in the domestic market at the support price level; promoting sales abroad; increased barter; in school lunch programs and by the Armed Services; increased purchases of perishables to remove market gluts; possible extension of east-west trade by repeal of section 304 of Public Law 480 so that sufficient authority would be available should such a program become desirable); (3) refunding of Federal gasoline tax when gasoline is used on farms (emphasis was placed on farm and Congressional sentiment for such a change); (4) changes in individual commodity programs, such as encouraging production of high quality wheat, basing cotton controls on quantity rather than acreage, elimination of acreage allotments with respect to corn, etc.; (5) limit the amount of price support payments to be made to an individual farmer (the specific amount to be established by Congress); (6) enlarged research programs to discover new markets, new crops, and new uses; (7) implementation of the Great Plains program; (8) implementation of the family farm and low income farmer programs. Mr. Benson described this as a many sided approach on a sound basis and allowing greater freedom for the farmer. He showed how five of the proposals would be particularly applicable in the corn belt.

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Governor Pyle then outlined briefly the concerted effort that would be made to develop public understanding and support of this program.

The President opened the discussion by urging that any reference to Government responsibility for farm difficulties make perfectly clear the long-term rather than recent nature. He went on to express support for bartering agricultural surpluses for non-perishable items as a means of strengthening our own economy without upsetting world markets. He asked whether consideration had been given to the possibility of Government purchase of arid land to be kept permanently in a forest or similar reserve. Sec. Benson recalled the difficulties the Democrats had with such a program. The President believed such land should not have been homesteaded to begin with. Mr. Benson noted the sentiment in the West against Federal holdings. The President thought the Government might put out a standing offer to buy such land even though it would be doing so reluctantly. Sec. Benson thought the program he had outlined would do much to help solve the situation. Mr. Morse concurred. Sec. Wilson noted the great cost of buying land. The President produced his own figures on the average cost per acre for the soil bank program according to the figures presented by Mr. Benson. Mr. Wilson believed that so high a cost made the program of no value. Sec. Benson stated that the cost would vary from area to area according to the fertility of the land.

The President asked about the income a participant in the soil bank program might expect over a five-year period. Mr. Benson replied in terms of cost of sodding the land and of "10%" of the land value. The President asked how he would set the value of land after it was sodded, and Mr. Benson replied that that would be a determination by State Committees under a maximum established by the Federal Government. The President asked if participants would be required to observe various conservation practices. Mr. Benson replied affirmatively. The President then made a public relations point on the desirability of showing that the soil would be improved instead of denuded and thus the United States would be literally saved in a tangible way, as distinct from preserving traditions.

Sec. Wilson reverted to costs and Sec. Benson pointed out that the figures included the cost of getting trees on the land. Sec. Wilson believed the Government should not have to pay for that but Sec. Benson believed some incentive had to be provided.

The President referred to the hog cycle and stated his belief that the Government should be prepared to act at precisely the right moment to help restore prices and a purchase program. Sec. Benson assured him the Department stood ready to act when the time arrived. He pointed out the dangers of focusing a purchase program on sows.

The President questioned the desirability of setting a maximum on payments under the price support program. Sec. Benson replied that very

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few farmers would be affected, and he did not believe there would be any extensive resorting to subleasing in order to avoid the single owner situation. Sec. Humphrey asked how the quota program could be operated if the Department refused to pay a support price over an established payments ceiling. Sec. Benson agreed some difficulty might result.

After a brief discussion of the opportunities that existed for large-scale farmers to take maximum advantage of price support programs, the President expressed his delight at seeing such a variety of measures proposed in the program. He believed the soil bank program had to be worked out in greater detail so as to avoid possible abuse. Sec. Benson believed it should be presented to Congress only in broad detail. The President reaffirmed his liking of the idea of taking the marginal soil out of production, though he realized that might be more complicated than he had thought.

The Vice President referred to the surplus disposal program as being very attractive to farmers and he believed Sec. Benson should establish the relationship of some parts of it to necessary action by Congress and thus avoid any charge that Agriculture had been lax in utilizing authority already available. Sec. Wilson saw little appeal in giving away surpluses overseas, but Mr. Benson noted the great sentiment for this among farmers.

Gov. Stassen expressed his pleasure at the soil bank program, believed it needed further exploration in details, and recalled the experience with it in Minnesota. The President again reverted to the question of landthat was basically marginal and had been brought into production only in recent years. Mr. Benson stated that the program would reach such land. The President subsequently commented that great care must be taken to protect against alienating some states through variations in the size of payments from state to state.

Gov. Stassen asserted that the main point of the program must be to insure a rise in farm income, and pointed to a recent statement of an Agriculture Department economist to the effect that farmers would be squeezed further next year. The Vice President suggested that comparisons be made on the basis of the present time rather than the average for the entire year 1955.

Sec. Hoover called attention to the Clare Francis report on agricultural surpluses, emphasizing that there exists little chance of any major increase of agricultural exports. To emphasize overseas disposal of surpluses in the face of this, he believed, would be detrimental to our foreign relations while promising little gain at home, along with the risk of disillusionment among farmers later on if exports were not increased. Sec. Benson emphasized that the intensity of surplus disposal efforts had to remain high if only the present rate of disposal is to be maintained.

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Sec. Humphrey noted the immediacy of the farm problem and commented that the program outlined did not by any means constitute a long-term solution.

The President raised the question of trade with Communist countries. Sec. Humphrey believed it hung upon a determination as to whether the United States was willing to make any contribution to strengthening the Communist economy. The President cited his favorite principle of net advantage, and Sec. Humphrey replied in terms of the weakness of the Russian farm situation. Mr. Hoover recalled the negative outcome of Sec. Dulles' discussion with Molotov at Geneva.

Sec. Humphrey stated the willingness of the Treasury to study the gas tax refund proposal. He believed it important to avoid giving any hostages to other tax proposals that would result in a major loss of revenue and thus make impossible a balanced budget in fiscal 1957.

Sec. Weeks saw an inconsistency in taking land out of production through the soil bank at the same time as other land was brought into production through the reclamation program. The President expressed his desire to conserve water. Sec. Benson suggested an Administration pledge with regard to construction of new dams to the effect that new land would not be brought into production. Director Hughes stated that such language was used in regard to the Colorado River project.

Director Hughes took note of the recent increase in estimates of the cost of the program. He stated that $500 million would be the maximum that could be fitted into the budget.

As the discussion drew to a close, the President again stated his appreciation of the broad approach made in this program. He believed it something that had to be done to insure against any real disaster starting in farm country and then spreading through the whole economy. He believed all could agree on the insurance value of the program even though some might disagree on the immediate need of specific parts of it. Hence the money for the program had to be found -- if only by saving 5% on Cabinet salaries!

Governor Adams emphasized the need for holding this program confidentially until the first statement could be made by the President. The President agreed and directed Governor Pyle to recruit for Sec. Benson people who were anxious to help the Administration.

LAM
L. A. Minnich, Jr.

Copies to:
✓Mrs. Whitman
Mr. Rabb
Mr. Minnich

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December 7, 19

The White House

Washington

THE CABINET

9:00 A.M., Friday, December 9, 1955

Laurel Lodge, Camp David, Thurmont, Maryland

1. Report on Agriculture -- Proposed Legislative Program (Oral) The Secretary of Agriculture

Maxwell M. Rabb
Secretary to the Cabinet

CABINET PAPER
For Action

Number 22 of 40 copies

ADMINISTRATIVELY CONFIDENTIAL
(Please return to Secretary Benson)

TRANSITION SOIL BANK

The Problem

1. Reduced farm income.
2. Excess productive capacity as a result of stimulation from high price supports.
3. Unwise land use.
4. Need for assistance in shifting resources to production in line with peace-time needs.

The Proposal

1. Payment of a major share of the costs incurred in establishing forage and trees.
2. Contract to keep soil bank acreage out of crop production for a period of years.
3. A payment covering the contract period to provide income while farm is being reorganized on a basis of better land use.

Scope of the Program

1. Convert about 6 percent of our land used for crop production to forage and trees. Of about 24 million acres to be diverted, perhaps 16 million would be diverted during the first year.
2. Payments to farmers in 1956 would be about $500 million. (This would be in addition to $250 million in ACP funds already provided for.)
3. Total cost over a period of 5 years, with some adaptability in the Great Plains, about $1,500 million.
4. Merchanics of the program are such as to permit regional adaptability with some discretion at the State and local level.
5. A reasonable limit on yearly payments to any one person.

Advantages of a Transition Soil Bank

1. Payments would be made to farmers in 1956.
2. Overall production would likely be decreased for a few years. Grass produces fewer total digestible nutrients per acre than cropland. It would take a period of time for the marketing of forage-consuming livestock products to increase.
3. Fertility would be stored in the soil. The conservation aspect of the program would be popular.
4. The program would give some protection to producers of nonbasic crops. These farmers are now injured by the production of acreage diverted out of wheat and cotton.

5. Launching such a program would be a positive step. It would take us off the defensive. It would be evidence of sympathy and willingness to act.
6. This would provide a program on which most legislators would agree, thereby deemphasizing the argument about rigid versus flexible supports.
7. It would be a change toward extensive rather than intensive use of land. It moves toward animal agriculture based on forage crops. With our current high production potential, this is the way we should go.

Disadvantages and Things the Transition Soil Bank Will Not Do

1. Result probably would be to increase production after the elapse of a few years. We may not need this extra production.
2. The program would be costly if evaluated solely in terms of its impact on production.
3. Once begun, the program would be difficult to stop. Production would intensify on the acres remaining in cultivation. It might be a long time before it became expedient to let production from the fertility reserve come back on the market.
4. The major problem is the surplus of wheat and cotton. The Transition Soil Bank does not attack this problem directly.
5. Established dairymen and cattlemen might attack the program on the grounds that it subsidizes milk and beef production.
6. The old arguments might be encountered as to paying farmers for not growing crops. The New Deal went through all this with the "Contracted Acres".
7. Many of the dollars would go into the Great Plains, rather than into agriculture generally.

Number 22 of 40 copies

ADMINISTRATIVELY CONFIDENTIAL

(Please return to Secretary Benson)

BROADENED SURPLUS DISPOSAL

A. Increase Grants and Donations to Low Income People at Home and Abroad

We have already been doing this.
Authority already exists to expand this outlet.
Dodge Committee has sanctioned expansion of foreign disposals.
There are limits to what we can give away; gifts may replace what otherwise might be bought.

B. Promote Sales in Domestic Market

We have been doing some of this, as dry milk for feed.
Could do more; need legislative changes which would permit sales at the support price. Presently can sell only at 105 percent or more of support price plus carrying charges, unless threat of spoilage.
There are limits to what we can sell in the domestic market without demoralizing markets.

C. Promote Sales Abroad at Competitive Price

Have authority to do this under CCC charter.
Now doing it for most commodities.
Dodge Council now considering this for cotton.
Care will be taken in such sales that we do not upset world markets.

D. Increased Barter

Acquire non-perishable, less-costly-to-store commodities of a strategic nature. Request legislation to insulate these stocks from the market.
Dodge Council approved this November 29.
Limitations on the volume of barter transactions are: the danger of displacing sales for dollars, resistance of foreign agricultural producers to American farm products, and problems in stockpiling non-agricultural products.
The program would be popular with farmers.

E. Use More Surpluses for School Lunch and Armed Services

Will push to limit of outlets where needed.
This is administrative. Have authority and funds.
Problem here is increasing consumption without displacing normal sales.

F. Purchase More Perishables to Remove Market Gluts

Have authority to do this.
Section 32 funds and CCC funds available.
Will push to limit of outlets where needed.

G. Expand East-West Trade

Legislation needed - repeal Section 304 of PL 480.
Probable increase in trade rather small.
This would be popular with farmers.

ADMINISTRATIVELY CONFIDENTIAL

I. THE GEOGRAPHY OF THE FARM PROBLEM

Cash Receipts from Farm Marketings, January-August 1955 compared with January-August 1954

North Atlantic	+ 1 percent
East North Central 1/	- 7 percent (mostly hogs)
West North Central 2/	- 5 percent (largely hogs and some drought)
South Atlantic	+ 1 percent
South Central	- 7 percent (dry weather; yields down)
Western Region	No change
United States	- 4 percent

1/ Ohio, Indiana, Illinois, Michigan, Wisconsin.

2/ Minnesota, Iowa, Missouri, North Dakota, South Dakota, Nebraska, Kansas.

II A. TRANSITION SOIL BANK

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Will push to limit of outlets where needed.
This is administrative. Have authority and funds.
Problem here is increasing consumption without displacing normal sales.

F. Purchase More Perishables to Remove Market Gluts

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Section 32 funds and CCC funds available.
Will push to limit of outlets where needed.

G. Expand East-West Trade

Legislation needed - repeal Section 304 of PL 480.
Probable increase in trade rather small.
This would be popular with farmers.

II C. REFUND FEDERAL TAX ON NON-HIGHWAY USE OF GAS ON FARMS

Would put money in farmers pockets quickly - especially in Mid-west.

Presently there is a Federal tax of 2 cents a gallon on motor fuel.

Tax is considered a source of funds for building highways.

About half the gas that farmers use is for their tractors, in the fields, making almost no use of highways.

Refund of this tax would amount to about $60 million a year.

This would be widely distributed, to all farmers who have tractors.

This has been pushed by farmers for years and is consistent with state policies.

Would be popular and considered fair.

This is a reasonable refund. It involves no repeal or reduction of existing Federal excise taxes.

III. COMMODITY CHANGES

1. Wheat

- A. Great Plains Program, used in connection with Transition Soil Bank. Will reduce acreage somewhat.
- B. Exemption of wheat from marketing quotas when fed or used on farms where grown. Will open up feed wheat uses and clear troublesome cases out of the courts.
- C. Expand non-commercial wheat area. Will remove from controls many farmers who use most of their wheat at home and contribute little to the surplus.
- D. Exempt Durum wheat from allotments until supply meets needs. Durum is presently in short supply and controls are undesirable.
- E. Authorize sale of 100 million bushels for feed use? Not firmly decided. Caution is advisable because of resistance from corn farmers.

2. Cotton

- A. Change price support base from 7/8" to 1" staple. Will permit setting of more realistic quality differentials.
- B. Provide price flexibility as for other basic crops by eliminating the requirement that price support be held at 90 percent of parity until supply exceeds 108 percent of normal.
- C. Sanction orderly sales abroad at competitive prices.
- D. Consider controls on a quantity basis.

3. Corn

Eliminate acreage allotments. Support on discretionary basis up to 90 percent.

4. Rice

Eliminate marketing quotas. Support up to 90 percent of parity for those who comply with acreage allotments.

5. Peanuts

Eliminate minimum acreage requirement.
Eliminate marketing quotas. Support up to 90 percent for those who comply with acreage allotments.

LIMITATIONS ON AMOUNT OF PRICE SUPPORT TO ANY ONE PERSON

Proposal

Provide price support on, say, the first $25,000 worth of a given commodity. Above that the producer would receive a lower level of support or would be on his own.

Commodity	Percent of dollars loaned in 1953 which were for amounts in excess of $25,000
Barley	15
Wheat	6
Grain sorghum	2
Corn	1
Flaxseed	1
Oats	1

Advantages

1. This would get government dollars into the hands of those who have the fewest dollars. But it would not give them more dollars than they currently receive.
2. It would be popular in some quarters because it shows preference for the little fellow.
3. It would reduce costs somewhat.

Disadvantages and Dangers

1. Congress might pick up this cue; Congressmen might not be content with "discriminating against the big fellow" but would want also to "boost supports for the small fellow." If this were done, it would serve as an umbrella for the entire crop, raise the whole price structure, and increase the surplus.
2. Limitation of price support and graduation of support levels is clumsy when used in conjunction with loans. It would operate smoothly with the payment technique. Thus a move in this direction might be a long step toward the Brannan Plan.
3. Inefficiency would be encouraged. Farmers would be inhibited from enlarging their farms. Farms would be fragmented.
4. Much counsel is opposed, including the Farm Bureau and the National Agricultural Advisory Commission.

INCREASE RESEARCH

Increase total agricultural research substantially above 1956 and above 1957 budget estimate:

		Million dollars
1956		$83
1957 budget estimate	$92	
additional amount	22	
Total		114

Bulk of the increase would be for new markets, new crops, new uses.

Farmers and farm organizations support such an increase as a means of finding new outlets for our products and cutting production costs.

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By JHC NLE, Date 9-6-76

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MINUTES OF CABINET MEETING

December 16, 1955
9:00 A. M. - 12:05 P. M.

The following were present:

Vice President Nixon - presided in absence of the President

Under Sec. Hoover
(for Sec. Dulles)
Sec. Humphrey, and
Under Sec. Randolph Burgess
Under Sec. Reuben Robertson
(for Sec. Wilson)
Mr. Brownell
Mr. Summerfield
Under Sec. Clarence Davis
(for Sec. McKay)
Sec. Benson
Sec. Weeks
Sec. Mitchell
Sec. Folsom

Director Hughes, and
Deputy Director Brundage
Dr. Flemming
Chairman Young
Dr. Burns
Gov. Stassen

Mr. Edmund F. Mansure, GSA Administrator
Mr. Albert M. Cole, HHFA Administrator
Mr. Frank J. Meistrell, Deputy Administrator
Mr. Wm. Ulman, HHFA

Mr. Wendell B. Barnes, Admin., Small Business Administration.
Mr. Roger Jones, Budget Bureau

Gov. Adams
Gen. Persons
Mr. Anderson
Gov. Pyle
Mr. Morgan
Mr. Martin
Mr. Harlow
Dr. Hauge
Mr. McCann
Mr. Murray Snyder
Mr. Rabb

Mr. Patterson
Mr. Minnich

The Vice President opened the meeting with the thought that the Cabinet might continue its tradition of making a Christmas gift to the President and First Lady. He asked Mr. Rabb to make an appropriate selection and advise Cabinet members of the contribution necessary.

Disaster Insurance (CP-38/1) - Director Hughes indicated that the program had been revised considerably with regard to procedure and method of financing, that it is now planned to have participants bear about 60% of the cost of estimated losses, and the rest to be covered by State and Federal contributions. At Mr. Cole's request, Mr. Meistrell illustrated the detailed program with charts, indicated that policies will be written and claims settled by regular insurance companies, stated that the program was limited strictly to floods as a means of starting this experimental program slowly, explained that the administration of the program was being centralized in the Federal Government to obviate the confusion

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that would result from forty-eight separate administrative centers in the States, and to ease the transition to a purely private program if such becomes feasible. Mr. Brownell asked that it be made clear that the program is experimental and will be thoroughly reviewed at the end of a given period.

The Vice President pointed out the problem that will result when individuals not subscribing to the insurance program receive disaster assistance from the Red Cross at no cost while those who do subscribe are but little better off. Gov. Stassen emphasized the desirability of having the program cover personal property of householders as well as real property and business inventories. The Vice President suggested a possible way of doing it to avoid administrative difficulties, and Mr. Cole stated his belief that the possibility should be fully investigated. Mr. Hughes concurred. Gov. Stassen pointed to the reversal of general policy resulting from the proposed Federal administration. Mr. Meistrell reviewed the problems of separate State agencies, and Sec. Benson noted the experimental nature of the entire program.

Director Hughes stated that the program would be submitted after Congress convenes rather than to the Committee that has been urgently asking for it. Dr. Flemming emphasized the need for having tentative rates at hand when submitted, and the Vice President stressed that the whole program should be presented with great flexibility since it is so new and all suggestions would be worthy of consideration.

The discussion was closed with Mr. Hughes' comment that the President was committed to submitting a program.

The President's Schedule - In reviewing the various steps taken to reduce demands on the President's time, the Vice President and Gov. Adams stressed the importance of bringing conferences to a conclusion as scheduled. Gov. Stassen suggested that "side conversations" be avoided in Cabinet and NSC meetings, and also that new suggestions be carried away for close study prior to undertaking extensive comment or estimates of feasibility.

Gov. Adams outlined a proposed framework for the President's schedule following his resumption of activity in Washington, and asked Cabinet members to consult each week with the Staff Secretary as to matters they foresaw as possibly requiring discussion with the President. The Staff Secretary would help to insure the proper locale (Cabinet, NSC, Leadership, or other conference) for discussion of each item. Mr. Rabb suggested that the current practice be continued of using Cabinet -- when the President was absent -- as a preparatory mechanism on matters requiring his attention.

Gen. Persons urged that Cabinet members extend their close personal relationships with members of their respective Congressional Committees

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so as to reduce the necessity of Congressional approaches to the President.

The Attorney General reported progress on the study of possible delegations, asked that Cabinet members insure early submission of their studies if not yet accomplished, and pointed out the coordination that would be undertaken with the Budget Bureau and the President's Organization Committee to follow through on necessary policy decisions and implementation. Dr. Flemming stressed the need for personal review by the Cabinet heads of the studies submitted to the Attorney General.

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Gov. Stassen and Mr. Hoover both emphasized the importance of insuring all possible staffing of matters prior to presentation to the President as a means of saving not only his time but that of other hard-pressed Department heads. Mr. Stassen suggested dry runs through the Special Assistant mechanism, but Mr. Rabb noted the differences between this mechanism and the NSC Planning Board.

State of the Union Message (CP 42/1) - This review of the current draft of the State of the Union Message developed many suggestions by all present for changes in language, emphasis, and content. Possibly the most significant were:

Mr. Burgess alluded to the metals shortage and saw need for introducing an expression of restraint to balance the emphasis on stimulating the economy. The Vice President questioned Congressional feeling toward the Organization for Trade Cooperation, and Gen. Persons indicated that coordination had been effected. Mr. Weeks suggested emphasis on tourism, obtained confirmation that the increased customs exemption would be omitted, and asked for reference to the Fair Trade program. Concerning his desire for a statement on strengthening the tax base by decreasing dependence on income taxes, Mr. Hughes suggested a Budget Message treatment. Concerning possible inclusion of the transport policy, Gov. Adams expressed his desire to discuss the matter subsequently with Sec. Weeks. The Vice President assured Mr. Weeks that the language concerning Alaska did not constitute a change in policy.

Mr. Hughes believed the passage concerning our preparedness to deal with cases of local aggression should be clarified to remove any implication that the United States would send ground forces in every instance.

With regard to taxes and debt reduction, emphasis was placed upon the latter and it was agreed to eliminate one paragraph on tax relief. Mr. Burgess indicated that Treasury still had a few changes to suggest.

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Mr. Hughes took the opportunity to emphasize that in order to keep the 1956 budget in balance it would not be possible to undertake any additional supplementary appropriations beyond those already committed.

On the urging of the Vice President, Mr. Burgess, and Sec. Benson, it was agreed that agricultural matters should be treated at greater length.

After a discussion of the difficulty of making an adequate expression concerning reclamation projects in a time of agricultural surplus without endangering the construction of necessary dams, Sec. Benson agreed to attempt and submit a brief statement.

Sec. Folsom discussed the outlook on Social Security revisions concerning premature retirement for disability, and stated that further discussions with Senators Millikin and Byrd were necessary before reaching final decisions.

Dr. Burns emphasized the need for a meeting of interested officials with regard to housing matters.

FY 1956 Budget - In a brief presentation, Director Hughes emphasized that the current outlook was for a very slight surplus of receipts over expenditures, which meant that the departments would have to fulfill their promised economies and avoid any increased rate of expenditures if the balanced budget were finally to be obtained. He stated that maintenance of the present pace would result in attaining the goal.

Economic Report - Dr. Burns cited his need for guidance with particular regard to housing and anti-trust matters. He reviewed previous action with regard to authorizing the Federal Reserve Board to regulate the terms of consumer installment credit. He believed that as a minimum the Administration should urge Congress to study the matter. He cited the need for allowing the FRB to apply standard marginal requirements to unregistered as well as registered securities, and thus close an unintended loophole. Third, he saw a need for an Administration recommendation for applying insurance practices to Federal and State credit unions in order to protect the savings of the now large number of participants. If insured, the organizations should be brought under appropriate regulations. Fourth, he believed restrictions should be removed on the ability of national banks to make construction loans and thus provide credit not now available in certain areas. A fifth proposal was designed to allow localities greater opportunity to borrow funds for public works by permitting certain institutions to transfer tax exempt securities to shareholders.

On consumer credit controls, Dr. Flemming indicated that action would also serve to reopen the controversy over standby controls. The Postmaster General asked concerning the probability of reinstatement of Regulation W. It was indicated that that could be done but that it would not be desirable. Mr. Burgess indicated that authority to regulate

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consumer credit would eliminate the need for resorting to changes in the rediscount rate. Dr. Burns cited other restraining actions by the Government and saw a need for covering consumer items not now subject to regulation. Gov. Stassen concurred. Mr. Burgess emphasized the desirability of establishing the authority in the FRB rather than elsewhere.

The Vice President summarized the discussion as indicating that the group would recommend this authority for the FRB. No objection was stated.

Sec. Folsom stated Mrs. Hobby's desire and his own for insuring and regulating the credit unions. The Attorney General and Sec. Mitchell noted certain objections, and it was agreed that the Administration should confine its action to requesting Congress to look at the problem.

Legislative Liaison - Gen. Persons suggested that each Cabinet member undertake the necessary and appropriate liaison with the Republican members of their respective Committees prior to delivery of the State of the Union Message.

Christmas Parties - Chairman Young urged Cabinet members to review personally arrangements made for office parties to insure that they do not take on aspects which would invite public criticism.

Cabinet Schedule - Governor Adams indicated that unless unforeseen requirements developed, the next Cabinet meeting would be in the early part of January.

L. A. Minnich, Jr.

Copies to:
Mrs. Whitman (2)✓
Mr. Rabb
Mr. Minnich

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NOTES ON CABINET MEETING
DECEMBER 16, 1955

President's Schedule

The Vice President opened a discussion of the subject of lightening the President's load with a reference to the large human element involved in addition to the mechanical aspects of delegating functions. He believed that all were familiar with the President's characteristic of not wishing to cut a person off or interrupt any conversation where some worthy idea might be produced. The Vice President then noted the importance of limiting Cabinet and NSC meetings to a 2-hour period. He believed that all would do whatever possible to see that discussions were not prolonged beyond this proper period, but he emphasized that the purpose would be defeated by the appearance of any suggestion that individuals are curtailing their conversations in deference to a time limit.

At the Vice President's request, Governor Adams commented that this discussion was really an appeal to the Cabinet for their understanding of the problem faced by staff. He noted that a new transition period would begin when the President returns to Washington and that care must be taken in arranging an appropriate schedule for that new period. He called attention to a suggested program drawn up by the Staff Secretary which reflected the doctors' opinion that the President did show some feeling of overwork. The Governor appreciated the feelings of some that the press accounts of "overwork" might better have not occurred, but he wanted to make clear that it was the President's directive that the full story be given all the way through. Governor Adams recounted that the doctors had been consulted about every meeting held up to this point, and that the President himself had wanted the two meetings in one day at Camp David recently. December, he noted, was necessarily the most demanding month because of the preparation of the legislative program, the various messages to Congress, etc.

Reverting to the Staff Secretary's proposal, Governor Adams stated that the doctors felt the President should not generally get to his office before 8:30 and that the time from 8:30 to 9:00 would be for White House use at the staff level for accomplishing the things that the Cabinet would

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want to have done by staff. The period 9:30 to 11:00 would be used for those meetings on things that Cabinet members wanted. The Governor emphasized that everyone at Cabinet had the privilege of seeing the President whenever he wanted to for that was the only possible arrangement. After 11:00 could be taken up such new business necessary, particularly those urgent matters that tend to appear daily at about that time, such as State Department items.

The time 12:30 - 2:00 could be reserved for lunch and the ensuing rest prescribed by the doctors.

After 2:00 the President would have time available for dictation or other matters he wished to pursue without introducing new business.

After noting the desirability of keeping Cabinet well informed on possible schedule arrangements, the Governor again emphasized that the doctors were insistent that no meetings run for more than two hours, an insistence based upon good reason. Hence, it was imperative that participants bring these meetings to an end on time, perhaps by refusing to bring up any further points during the final 15 minutes of the period.

General Persons then noted the President's constant generosity of his time. He pointed out that the problem would be larger when Congress reconvenes because of the ceaseless demands of individuals on the President's time. He stated that the leadership would be used to the maximum for handling Congressional business and that regular Monday morning conferences would continue to be held, though perhaps at an average somewhat less than one per week. He urged the Cabinet to help meet this problem by developing close personal first-name relationships with the members of the committees working in their respective areas, and thus help to satisfy Congressional needs of the President.

The Attorney General recalled the study underway on delegation of powers, noted that one or two Departments had not submitted their memoranda, and urged that they be sent in soon. He indicated that Justice would finish its detailed analysis of these dozens of powers by December 23rd and would then pass the project to Budget to prepare

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appropriate Executive Orders for the President's consideration. He pointed out that many items were available for delegation without any legislative change, but that policy decisions were necessary on some with regard to the desirability of delegating. The Rockefeller Committee will analyze for the Budget Bureau those items requiring policy determination.

In regard to items requiring legislation, the Attorney General reported the stated cooperation of the leadership in securing the necessary changes so as to obviate the need for Presidential action on private immigration and private claims bills. He asked the Cabinet to expedite these actions in any way they might. He then recounted the Rockefeller Committee meeting of December 15th where it was obvious that many things should have been delegated long ago but that delegation was frequently obstructed by the inability of individuals down the line to depart from tradition. Dr. Flemming added that some of the Departmental memoranda to the Attorney General had not been thoroughly reviewed, and he cited an instance where Defense had said officially in its memorandum that the President must continue to approve the schedule of the Marine Band. Mr. Robertson was quick to deny having seen the memorandum and promised to fix up at least that point. Mr. Hughes stated that Budget would also undertake to recheck some of these items with the Departments.

The Attorney General then urged the Cabinet to coordinate with the White House staff in regard to finding ways to reduce the number of Presidential signatures required, such as combining a number of actions on one paper -- as Justice did with pardons. Mr. Brownell concluded by saying that it would be useful to have the President's load lightened in any event -- illness or no.

Governor Adams noted the need for centralization of scheduling problems, and he believed the proper place would be the desk of the Staff Secretary. He asked the Cabinet to let the Staff Secretary have, during the week ahead, an indication of their requirements. It would be desirable for the Staff Secretary to have early every week an indication of the coming NSC and Cabinet agenda. These could be reviewed and the President could delegate many things to a meeting to be presided over by the Vice President, thus reducing the number of meetings attended by the President. He stated that Dillon Anderson believed three NSC meetings per month would be sufficient.

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Governor Stassen then suggested that Cabinet presentations first be put through the Cabinet Assistant mechanism so as to have prior staffing similar to the work of the NSC Planning Board. He urged that in cases where the President tosses out a suggestion at a meeting Cabinet members not attempt to argue the merits at the moment, but instead look into the matter before attempting to advise the President. He stressed the importance of avoiding side conversations at meetings because of the great uneasiness that causes the President by distracting attention from the person having the floor.

The Vice President repeated that all of these things might well have been done even had the President not become ill -- that they should have been done years ago. He stressed that if the purpose of these suggestions could be accomplished, the group would be giving the President what he had always so heartily desired -- time to think.

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The Vice President then took note of the President's liking for presentations where the points at issue are clearly pointed out at the beginning and where the detailed history and argumentation follow later. This technique could frequently save much time because it would give a Cabinet member opportunity to state immediately that he or his Department would require further time to study that particular issue.

Mr. Rabb then noted how the Cabinet had served since September as a channel for large questions that had to go to the President. He believed this practice should be continued as a means of saving many individual conferences with the President. The Vice President spoke favorably of having trial runs of presentations with the Cabinet Assistants. Mr. Rabb explained the absence of a full "Planning Board Mechanism" but made clear that extensive staff'ing was given to matters prior to Cabinet presentation.

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Mr. Hoover took note of the heavy schedule borne by Secretary Dulles. In that alone would be reason enough to undertake to conserve time spent in meetings. It was likewise true of other Cabinet members. He believed much more could be done in terms of prior staffing.

The discussion was brought to a close by Mr. Hoover's account of the tradition that lasted through his father's time when it was "necessary" for the President to spend New Years Day shaking hands with all who wished to come to the White House -- as many as 10,000 in a day -- and required President Hoover to take a break every hour to soak his hand in hot water.

CABINET PAPER—PRIVILEGED
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RA - 41

December 17, 1955

The White House

Washington

THE CABINET

Record of Action

The following is the action taken on the items presented at the Cabinet Meeting of December 16, 1955:

1. Flood Indemnity and Reinsurance — CP - 38/1

ACTION: (a) Cabinet Paper 38/1, modified as indicated in "b" below, was approved by the Cabinet (the Administrator of HHFA participating) for presentation to the President and as the basis for HHFA's drafting the necessary legislation for clearance with the interested Departments through the Bureau of the Budget.

(b) With the understanding that this program will be advanced as a five-year experiment, paragraphs 2 and 4(a) of the proposed plan set forth as an attachment in CP - 38/1 are to be modified to provide for Federal rather than primarily state administration, and for the Federal government's bearing all the administrative expenses.

(c) In working out the details of the program (including estimates of actual premium costs) and in drafting the necessary legislation, the Administrator of HHFA is to give consideration to including provisions extending limited flood indemnity coverage to household goods.

(d) In presenting this legislation to the Congress, stress is to be laid upon the extent to which this program is experimental in nature, and necessarily flexible.

2. The State of the Union Message — CP - 42/1

ACTION: Based on the suggestions for revision made at the meeting, and on subsequent consultations with the respective Departments, CP - 42/1 will be reedited and distributed for further review.

3. The FY 1956 Budget Picture

ACTION: The Cabinet received Mr. Hughes' status report on the prospects for balancing the FY 1956 Budget and noted without objection his statement that there is no room for any supplemental budget requests beyond those presently in the Budget Estimates.

RA - 41

(cont.)

4. Legislative Proposals in the Field of Finance

ACTION: On the five proposals advanced by Dr. Burns, the following specific action was taken:

(a) It was generally agreed that legislation should be sought to amend the Federal Reserve Act to give the Federal Reserve Board the authority.

(i) to regulate the terms under which consumer installment credit is extended.

(ii)to apply standard margin requirements to non-registered as well as registered securities.

(b) It was agreed that the Congress should be asked to study the desirability of enacting legislation to provide a self-sustaining Share Account Insurance Program intended to be mandatory for Federally-chartered credit unions, and optional for state-chartered credit unions.

5. Follow-up on Legislative Program

ACTION: Each Cabinet Member is to give special attention to liaison with appropriate Committee leaders prior to the formal submission of the Administration's program to the Congress in the new year.

6. Christmas Parties in Government Offices

ACTION: The Cabinet took note of the reminder that all top officers are responsible for proprieties being observed in holiday parties in government offices.

ADDITIONAL ITEMS:

A. The President's Schedule

ACTION:

In the interests of a achieving a minimum of demands on the President's time while ensuring attention to essential matters it was agreed that:

1. Every effort will be made to ensure that meetings and conferences end promptly at the scheduled time.

2. Cabinet members will intensify their personal liaison with their Congressional Committee members.

3. Each Cabinet member will expedite personal review (if not yet accomplished) of the memorandum sent to the Attorney General concerning requirements and possible delegation of Presidential actions [cf. Cabinet RA-31, Item 2 (d).]

4. Continued consideration will be given by the Departments in coordination with the White House staff to more consolidated presentation of actions requiring the President's approval.

5. For the purpose of proper scheduling, Cabinet members will inform the President's Staff Secretary weekly of the matters they believe might soon thereafter require discussion with the President.

Maxwell M. Rabb
Secretary to the Cabinet

THE WHITE HOUSE
WASHINGTON

December 16, 1955

MEMORANDUM TO THE PRESIDENT

SUBJECT: Highlights of the Cabinet Meeting of Friday, December 16, 1955

1. A New Administration Program of Flood Indemnity and Reinsurance.

In connection with your pledge to Governor Roberts that you will send to the Congress legislative proposals for a flood indemnity program, the Cabinet, today, with HHFA participating, considered and approved a flood indemnity and reinsurance program with the following features:

Coverage: Real property and business inventories of persons, corporations, and state and local governments up to a total outstanding coverage of $2,000,000,000. Limit per person: $250,000.

Administration: By the Federal Government (HHFA). Federal Government would pay all administrative expenses.

Premiums: To total not less than 60% of estimated claim payments.

Subsidy: Federal Government and States would share the remaining 40%.

Claims: To be paid, in the following order, from
-- the premiums collected
-- the Federal-State subsidy
-- a Federal-State Capital Fund
-- Treasury Loans up to a limit of $500,000,000.

type limited in area —

Servicing: Sales, premium collections, and claims settlement to be handled by private insurance companies as agents.

What stake do they have in it?

It was suggested that limited coverage under this program be extended to household goods -- where many "little people" suffer. ✓

It was emphasized that the premiums must be within the pocketbook range of the average citizen affected. The Cabinet stressed that we must present this to the Congress as a five-year experiment -- it being clearly our expectation that private insurance companies will take over the program at that time. ✓

2. State of the Union Message.

A new draft of the State of the Union Message was discussed and many specific suggestions made for Mr. McCann's next revision. Among the most important suggested changes were:

(a) The inclusion of a request for a 10-year authorization of $100,000,000 per year of regular mutual security funds.

✓ (b) The elimination of any direct reference to a possible tax cut in the Spring.

I believe in this one

✓ (c) The strengthening and spotlighting of the agricultural section of the Message.

(d) More carefully bridging the apparent inconsistency between requests for additional reclamation projects (Frying Pan - Arkansas) and the need for disposal of present agricultural surpluses.

No additional land to be brought in except when our surpluses are no "great" concern.

3. The FY 1956 Budget Picture.

The Cabinet received Mr. Hughes' status report on the excellent prospects for balancing the FY 1956 Budget and noted, without objection, his statement that there is no room for any supplemental requests beyond those presently approved by you.

4. Legislative Proposals in the Field of Finance.

Dr. Arthur Burns asked the Cabinet's advice on several points now under consideration in the drafting of the Economic Report. The following was agreed:

(a) That legislation should be sought to amend the Federal Reserve Act to give the Federal Reserve Board the authority

  i. to regulate the terms under which consumer installment credit is extended; || when approved by Sec. Treas.

  ii. to apply standard margin requirements; to non-registered as well as registered securities.

Some frank apprehension was expressed that having such authority, the Federal Reserve Board might take measures which were overly-restrictive on consumer credit, or otherwise be out of step with the economic policies of the President. It was seriously suggested that this regulatory authority should be vested in the President -- to ensure complete consistency in this vital policy sphere. On balance however it was felt that the FRB and the Executive Branch could work closely enough together to avoid such divergences.

(b) That the Congress should be asked to study the desirability of enacting legislation to provide a self-sustaining Share Account Insurance Program intended to be mandatory for Federally-chartered credit unions, and optional for state-chartered credit unions. Many little people are numbered among the 8 million members of credit unions (total assets now $2 1/2 billion). Bank deposits are insured but not the deposits in credit unions. It was felt that a suggestion of a Congressional study might develop an understanding of the grave dangers to these little depositors if hard times should come.

5. Follow-up on the Legislative Program

General Persons reminded the Cabinet that now is the time for each department head personally to get in touch with the ranking Republican members of the Committees dealing with his department's programs -- to inform them about and to gain their support for the legislative proposals coming in the new year. Not the least of the benefits to be reaped by such top-level liaison will be a diminishing of the Congressional demands on your own time.

Maxwell M. Rabb
Secretary to the Cabinet

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CP - 38/1

December 12, 1955

The White House
Washington

THE CABINET

Flood Indemnity and Reinsurance

For consideration by the Cabinet, attached is a paper prepared by the Bureau of the Budget proposing the major features of a Federal-State program of flood indemnity and reinsurance.

This paper has been prepared pursuant to Item 4 of Cabinet RA - 35 (October 28) and is a revision of Cabinet Paper 38.

The paper is preceded by a Brief.

The program, and the Recommendation in the Brief, are submitted for the concurrence of the Cabinet and the approval of the President.

Maxwell M. Rabb
Secretary to the Cabinet

CABINET PAPER

For Consideration

THE CABINET

FLOOD INDEMNITY AND REINSURANCE

BRIEF

Background: The Administration is committed to recommend to the Congress in January 1956, ways of assisting victims of flood disasters, by insurance, indemnities or otherwise. The Cabinet discussed a proposal for Federal flood insurance on October 28, 1955. The Bureau of the Budget was asked to reconsider the matter and take into account the views expressed that (a) flood insurance will not work and some form of subsidy is necessary, and (b) that any plan should be a joint Federal-State venture.

Discussion: The Budget Bureau, in consultation with HHFA, has prepared a memorandum outlining the major features of a joint Federal-State flood indemnity program (attachment). The program would cover real property and business inventories, including agricultural commodities and property owned by State and local Governments. The cost of the program would be shared by the persons protected, the States and the Federal Government.

Premiums charged would be based upon consideration of the risks involved. They should be as nearly adequate as practicable to cover all estimated claim payments over a reasonable period of time, consistent with the aim of offering indemnity policies at rates reasonable enough to encourage prospective applicants to purchase such policies. Premiums could not be less than 60% of estimated claim payments. The Federal Government and the States would pay their own administrative expenses, and would share equally in paying the difference between premiums collected and claim payments.

The program would be administered primarily by the States. Federal supervision would be in a Federal Flood Indemnity Administration, located in the Housing and Home Finance Agency. Its role would be limited to general supervision and functions specifically enumerated, e.g. setting premium rates, approving State indemnity policies, paying the Federal share of claims, etc. The total amount of coverage outstanding at any one time would initially be limited to $2 billion; an additional $1 billion would be available to States using up their shares. The amount of coverage for any one person would be limited to $250,000.

The State and Federal agencies would be required to consult with Federal, State and local agencies responsible for flood control programs. No indemnity policy could be issued if coverage becomes generally available on reasonable, actuarial terms from private insurance companies. The Federal agency would also be authorized to reinsure private insurance companies who may wish to provide flood insurance.

Concurrences: The new plan has not been circulated to the agencies. Informal expression from the insurance industry indicates that it may object strongly to any indemnity program giving responsibility for administration to the States. Even though the industry still believes that flood insurance is infeasible, it might prefer a Federal insurance program to a plan involving State responsibility for administration. HHFA believes that this objection should be given serious consideration.

Recommendation: That if a flood indemnity and reinsurance program is believed to be an acceptable substitute for flood insurance, the Housing Administrator be requested (a) to draft legislation incorporating the features of the attached plan, and (b) to accept the lead role in presenting the plan and legislation to the Congress.

Attachment: Paper on Federal-State
flood indemnity program

Major Features of a Joint Federal-State Flood Indemnity Program

1. Indemnities

Persons (including corporations and State and local Governments) would be indemnified for losses or damage to real property or business inventories (including agricultural commodities) due to flood.

2. Administration

The program would be administered primarily by the States. Federal supervision would be in a Federal Flood Indemnity Administration, located in the Housing and Home Finance Agency. The role of the Federal Government would be limited to general supervision and functions specifically enumerated, e.g. setting premium rates, allocating State shares, approving State indemnity policies, paying the Federal share of claims, limited audit of State claim payments, etc.

3. Premiums

Premiums charged would be based upon consideration of the risks involved. They should, in the judgment of the Federal agency, be as nearly adequate as practicable to cover all claim payments over a reasonable period of time (but not administrative expenses), consistent with the aim of offering indemnity policies at rates reasonable enough to encourage prospective applicants to purchase such policies. Premiums could not be less than 60% of estimated claim payments. Premiums would be the same in all States for property subject to the same damage probability.

4. Federal and State Contributions

a. The Federal Government and each State would pay its own administrative expenses out of general revenues.

b. The difference between the premiums collected and claim payments approved would be financed equally by the Federal Government and the States.

c. No indemnities would be provided in States which do not choose to participate. Where a State constitution prohibits State contributions in connection with indemnities for damage to certain classes of properties, the State could participate for other classes of property, with the approval of the Federal agency.

5. Financing

   a. Each participating State would be required to contribute initial capital into the State's flood indemnity fund, equal to 3 percent of the initial maximum amount of insurance that can be written in the State, and of any increases subsequently authorized. The Federal Government would match the State contribution with an equal payment into a Federal flood indemnity fund.

   b. Premiums collected in each State would go into its indemnity fund. The State would contribute periodically into the same fund one-half of the difference between premiums charged and estimated claim payments. The Federal Government would match the State contribution and pay it into the Federal indemnity fund.

6. Payment of Claims

Claims in each State would be paid out of the State indemnity fund to the extent of premiums collected by the State, and interest earnings thereon. Further claims would be paid equally from the State indemnity fund and the Federal indemnity fund. When a State fund is reduced to 10% of its capital, further claims would be paid out of the Federal indemnity fund. In case the Federal fund is exhausted, the Treasury would be authorized to make interest bearing advances up to $500 million into the Federal indemnity fund. Thereafter, Federal contributions would be used to repay these advances and accrued interest. When all advances are repaid, Federal contributions would again to into the Federal indemnity fund.

7. Coverage

   a. The total amount of coverage outstanding at any one time would initially be limited to $2 billion. Amounts for each participating State would be allocated by the Federal agency on the basis of flood damage probabilities. An additional $1 billion of coverage could be allocated by the Federal agency to States using up their shares. When the full amount of coverage has been allocated, the Administrator would be required to report to the Congress and the President his recommendation as to the desirability of further increases.

b. The amount of coverage for any one person would be limited to $250,000 to assure a wide distribution of limited funds and an adequate diversification of risks.

c. The approved amount of any claim would be reduced by $300, plus 10% of the remainder, or by such larger amount or percentage as may be prescribed by the Federal agency prior to issuance of the policy.

8. Relation to Other Public Programs

a. The State and Federal agencies responsible would be required to consult with other agencies of the Federal Government and interstate, State, and local public agencies having responsibilities for land-use and flood-control, and for flood-zoning and flood-damage prevention in order to assure that the indemnity facilities offered are consistent with the programs of such agencies. Where the program may affect existing or proposed flood control works under the jurisdiction of agencies of the Federal Government, these agencies would cooperate with the flood indemnity program in coordinating their respective programs. The Department of Agriculture would be consulted concerning flood indemnity on agricultural commodities.

b. No indemnity would be available for risks eligible for insurance provided by other public programs.

c. No indemnity would be available for properties whose use is in conflict with State or local flood zoning laws.

d. The program should be so administered as not to serve as an inducement for the maintenance or acquisition of real property or business inventories in areas subject to frequently recurring floods, subject to the approval of the Federal agency.

9. Relation to Private Insurance

a. No indemnity policy could be issued if coverage is or becomes generally available on reasonable, actuarial terms from private insurance companies, as determined by the Federal agency.

b. The States should be encouraged to utilize the facilities and services of private insurance companies and adjustment organizations to the maximum extent practicable.

c. After a five-year period, the Federal agency responsible should make recommendations to the President and the Congress concerning changes in authority necessary to facilitate the assumption of flood risks by private insurance companies, and ultimate termination of Federal and State contributions.

d. The Federal agency would be authorized to reinsure private insurance companies who may wish to provide flood insurance.

CABINET PAPER—PRIVILEGED

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COPY NUMBER: 42

CP - 42/1

December 14, 1955

The White House

Washington

THE CABINET

State of the Union Message

For consideration by the Members of the Cabinet, attached is a revised draft of the State of the Union Message.

The revisions have been made by Mr. Kevin McCann based on the previous Cabinet discussion and on drafts supplied by the respective Departments, pursuant to Item 1 of Cabinet Record of Action RA-39.

The Members of the Cabinet and the Special Assistants for Cabinet Coordination are requested to take special precautions to protect the privileged nature of this document.

Maxwell M. Rabb
Secretary to the Cabinet

CABINET PAPER

For Consideration

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December 14, 1955

STATE OF THE UNION MESSAGE

At the opening of this new year and of the second session of the 84th Congress, the State of the Union must arouse in us all grateful thanks to Almighty God whose protection has been ever present and whose bounty has been manifold and abundant.

Bitterness in world relations is reduced. Fear of global war is less intense. The United States is at peace. Today more Americans are at work than at any time in our history. Our people are producing more, earning more, spending more, investing more and building more than ever before. Near the 400 billion dollar annual point, our economy is at an unparalleled level of prosperity. Our security posture commands respect. A spiritual vigor marks our national life.

The Administration emphasizes reliance on the American people, on their vision, their understanding of national problems, their initiative, their capacity for work and sacrifice -- whenever sacrifice is needed. What they do, what they decide makes action and decision by Government effective and productive. The State of the Union demonstrates the success of such reliance on the people.

If the Congress carries forward, the outlook for the year ahead is good. Every political and economic guide supports a valid confidence that honest and wise effort will be rewarded by an even more plentiful harvest of human benefit.

In the unfinished business of the Republic, many items demand our immediate attention and effective action. We should concentrate on the measures -- private and public -- that powerfully promote the further release of the spiritual and the economic energies in our competitive enterprise system; on measures that directly stimulate the further amplification of opportunity for all Americans; on measures that most surely support the further advancement of the Republic in its leadership toward a prosperous and just peace, secure in its own strength and in a world-wide partnership of friends. There is no excuse for delay in the enactment of such measures. Their purpose is the building of a stronger America.

CABINET PAPER

For Consideration

That man proposes and God disposes must not, however, be far from our thoughts. As we thank Him for the gifts of the past and the promise before us, we must gird ourselves in a high resolve that our conduct as a nation shall nourish freedom and justice and dignity and expanding hope for all Americans; and, so far as within our power lies, for all mankind.

Then, if we encounter setbacks or the obstacles before us at times seem hopeless of removal, our resolve shall hearten us to a perseverance that will assure ultimate success.

At home, we are richly blessed. In great portions of the earth, we possess a definite even though an unsought leadership. The responsibility of this position demands that we address ourselves to the matters of this year with optimism, faith, and such wisdom as we may possess.

Our resources are too many, our principles too dynamic, our purposes too worthy and the issues at stake too immense for us to entertain doubt or fear. But our position requires also that we approach this year's responsibilities with a sober humility.

A heedless pride in our present strength and position is a blind ignorance to the facts of the past, to the pitfalls of the future. We must walk ever in the knowledge that we are enriched by a heritage earned in the labor and sacrifice of our forebears; that, for our children's children, we are trustees of a great Republic and a time-tested political system; that we prosper as a cooperating member of the family of nations -- the economic and political manifestation of human brotherhood.

In this light, the Administration has continued work on its program for the Republic, begun three years ago. Because the vast spread of national and human interests is involved within it, I shall not attempt its detailed delineation today.

Instead, from time to time during this session, I shall submit to the Congress special messages covering specific proposals within specific fields. In the comprehensive survey required for their preparation, the Administration is guided by these enduring benchmarks of sound policy. The first is:

Our World Responsibility

Our world policy and our actions are dedicated to the final achievement of an enduring peace with justice and freedom for all nations.

With this purpose, we move in a wide variety of ways and through many agencies to remove the pall of fear; to strengthen the ties with our partners and to improve the cooperative cohesion of the free world, to reduce the burden of armaments, and to stimulate and inspire action among all nations for a world of justice and prosperity and peace. These national objectives are fully supported by both our political parties.

In the past year, our search for a more stable and just peace has taken varied forms. Among the most important were the two conferences at Geneva, in July and in the fall of last year. We explored the possibilities of agreement on critical issues that jeopardize the peace.

The July meeting of Heads of Government did much to moderate the bitterness which tends to generate conflict and war. We were all in agreement that a nuclear war would be an intolerable disaster which must not be permitted to occur.

In October the Foreign Ministers met again to seek such solutions. The results demonstrated conclusively that the Soviet leaders are not yet willing to create the indispensable conditions for a secure and lasting peace.

We are not disheartened because our immediate efforts have been rebuffed. We must continue to gird ourselves for a prolonged contest with a Communist regime which seems bent on the universal extension of its system.

We have entered a new phase of the struggle between international communism and freedom. It is still too early to know surely the real meaning of the current attitude of the Communist leaders. We know they have often practiced the tactics of retreat and zig-zag. And we know that Soviet and Chinese communism still poses a serious threat for the free world. In Asia, it is by no means clear that the Communist Chinese are prepared to renounce the use of force. And in the Middle East recent Soviet moves are hardly compatible with the reduction of international tension.

Yet Communist tactics have shifted in emphasis from reliance on violence and threat to reliance on division, enticement and persuasion. This shift is largely due to the successful policies of the free world which have rendered the earlier Communist methods unproductive. We must be as well prepared to meet the current tactics which pose an equally dangerous though more subtle threat.

At the same time, our policy must be dynamic as well as flexible, designed primarily to forward the achievement of our own objectives rather than to meet each shift and change on the Communist front. No campaigns are won by undue preoccupation with the opponent's possible moves. We must act in the firm assurance that the fruits of freedom are more attractive to men than the promises of Communism.

In the pursuit of our national purposes, we have been steadfast in our support of the United Nations, now entering its second decade with ever-increasing authority to express the moral judgments of the international community. In the release of our fifteen fliers from Communist China, an essential prelude was the world opinion mobilized by the General Assembly which condemned their imprisonment and demanded their liberation. The very successful Atomic Energy Conference, held in Geneva under its auspices, also proved that the United Nations can open many doors. Our Atom for Peace program has kindled a world-wide interest. United States relations with other countries benefit from our sponsorship of world-wide use of this new energy source. Active negotiations are now in progress to create an International Agency to foster peaceful uses of atomic energy.

During the past year the crucial problem of disarmament has moved to the forefront of practical political endeavor. At Geneva I declared the readiness of the United States to exchange blueprints of the military establishments of our nation and the USSR, to be confirmed by reciprocal aerial reconnaissance. By this means, I felt mutual suspicions could be allayed and an atmosphere developed in which limitations of arms could be negotiated.

In the United Nations Subcommittee on Disarmament last fall, this proposal was explored and the U. S. also declared itself willing to include reciprocal ground inspection of key points. By the overwhelming vote of 53 to 5, the United Nations on December 12 gave the proposals a top priority for consideration by the Assembly. Thereby, the issue is placed squarely before the bar of public opinion. We can look forward with confidence to an honest verdict.

In the face of Communist military power, we must continue to maintain, nevertheless, an effective system of collective security. This involves two things -- a collective system which gives clear warning that armed aggression will be met by joint action of the free nations, and deterrent military power to make that warning effective.

The last year has seen major gains for the system of collective security: the accession to the North Atlantic Treaty Organization and Western European Union of the sovereign Federal German Republic; the strengthening of the Southeast Asia Defense Treaty; the expansion of the northern tier defense concept in the Middle East to include Pakistan and Iran. In our own hemisphere, the inter-American system has continued to show its vitality in maintaining peace. We now have security pacts with 44 other nations. We have moved steadily to close the gaps in the political warning system of the free world.

Much remains to be done. In Asia we shall continue to give help to nations struggling to maintain their freedom against the threat of Communist coercion or subversion. In Europe we shall endeavor to increase not only the military strength of the North Atlantic Alliance but also its political cohesion and unity of purpose. We shall give such assistance as is feasible to the recently renewed effort of the Western European nations to achieve a greater measure of integration, such as in the field of peaceful uses of atomic energy.

So long as the threat of war exists we must maintain such military power as will serve to deter or repulse any aggression. We shall never, of course, initiate resort to force. The primary aim of our military establishment must be to prevent war. This can best be done by maintaining, together with our allies, collective military strength strong and flexible enough to deal effectively with aggression anywhere. It must be clear at all times that we have the will and the capacity to inflict swift and sure punishment on any aggressor.

Strong economic ties are an essential element in our free world partnership. Increasing trade and investment make all of us prosper together. Gratifying progress has been made in this direction, most recently by the three-year extension of our trade agreements legislation. But much of importance remains to be done.

My sincere hope is that the Congress will approve our membership in the Organization for Trade Cooperation which would administer the General Agreement on Tariffs and Trade. While leaving firm control of our trade policies in our own hands, our membership in the OTC will evidence our continuing desire to cooperate in promoting expanded trade among the free nations. It will also provide the most effective means for removing discriminations against American exports and for protecting the validity of our own tariff concessions. By helping insure that we receive in full measure for what we give, the Organization, as proposed, is admirably suited to our interests and to those of nations friendly to us. I strongly urge the early approval of this legislation.

We need also to encourage investment overseas by carefully designed tax incentives. We must further simplify and improve our customs legislation.

We should seek to fortify our Mutual Security Program. There is particular need to assist the less developed areas of the world, where poverty and unrest create conditions which make their peoples a special target of international communism. Last July, our overseas non-military assistance activities were consolidated into the International Cooperation Administration within the Department of State; military assistance was consolidated in the Department of Defense. I shall ask the Congress to continue all the major elements of this program for the next fiscal year. Enlightened self-interest dictates this investment. Without it America will be weaker; with it, stronger.

These various steps will powerfully strengthen the economic foundation of our foreign policy. Together with constructive action abroad, they will maintain the present momentum toward general economic progress and vitality of the free world.

Peace cannot rest on the maintenance of things as they are. In much of the world the ferment of change is working strongly; and grave injustices are uncorrected. We must not, by any sanction of ours, help to perpetuate these wrongs. I have particularly in mind the oppressive division of the German people and the bondage of millions elsewhere.

We shall not invoke force to cure injustice. But we shall keep these injustices in the forefront of human consciousness and seek to maintain the pressure of world opinion to right these vast wrongs in the interest both of justice and secure peace.

Injustice thrives on ignorance. The United States Information Agency has proved its effective worth in penetrating the imposed silence of dominated nations and the doubting neutralism of others. Because the truth about America is one of our most powerful forces, I shall later recommend an increase in budgetary support of this Agency.

It is apparent that the Refugee Relief Act of 1953 requires revision if it is to achieve its humanitarian purposes. I urge the Congress to act favorably on the changes in this Act which are now before it.

The sum of our international effort should be this: the waging of peace, with as much vigor and enthusiasm, with as great a sense of dedication and urgency, as we have ever mustered in defense of our country in time of war. In this effort, our weapon is not force. Our weapons are ideas, and above all, devotion to our historic traditions which have made America a living promise of freedom for all mankind.

Another guide in the preparation of the Administration's program is:

Our National Security

Since peace is the keystone to our national policy, our defense program emphasizes those capabilities best calculated to deter aggression -- a combination of ready retaliatory power and an effective continental defense system. Both are absolutely essential to enable us to protect the home front from surprise attack, should it come, and to strike back decisively at any aggressor.

Many things are important to a well balanced military posture. We must be prepared to keep the sea lanes open and to defend critical land areas; the sowing of the seed of total war -- local aggression -- must be countered; our military programs must meet the needs of today and yet be geared to long-term security requirements.

The maintenance of a strong military capability will continue to call for a large percentage of our tax dollar. At the same time, we must always be sure that the maintenance of our military machine does not destroy or seriously impair the very freedom and economic system it is designed to protect.

We have now made important adjustments in the size and composition of our military establishment permitted by the cessation of Korean hostilities and dictated by the use of new weapons. We have substantially completed the buildup and have entered the stabilization phase of our defense program without upsetting the economy. The Services are now able to plan realistically on a long-term basis.

We have improved the effectiveness and combat readiness of our personnel, in many ways, including developing and making operational the finest possible weapons, replacing obsolescent equipment, and by the integration of the latest scientific developments, including atomic weapons, into our long and short-range military plans. The development of longer range missiles has been on an accelerated basis for some time. Our air force is becoming increasingly powerful and we are moving as rapidly as practicable toward a nuclear-powered Navy.

Combat capability, measured in terms of firepower, atomic and conventional, fighting ships, aircraft and other weapons, has been substantially increased. It has been possible, therefore, to make some overall reduction in personnel. This has been principally absorbed by non-combat personnel and has been offset by increased efficiency and better manpower utilization.

Short of war, we have never had a more respectable picture of military strength and readiness.

In the last analysis, however, our real strength lies in the calibre and well being of the men and women of our Armed Forces, active and Reserve. Much has been done in recent years to make their military careers more attractive but more needs to be done. This year, I shall renew my request to the Congress for certain measures designed to further this objective. These will include adequate medical care for dependents, improved survivors' benefits, career inducements for medical and dental officers and nurses and increases in the number of regular officers.

The enactment of the Armed Services Reserve Act puts us in a position where we can make a more intelligent use of our human resources.

We have strengthened our mobilization base. We have the production facilities, equipment and materials to enable us to rapidly expand our defense program, should it be needed. Mobilization base requirements change very rapidly. We must keep ourselves in a position where we can adjust to new requirements and expand the base on short notice. I am requesting, therefore, that the Congress once again extend the Defense Production Act.

To strengthen our continental defenses the United States and Canada, in close cooperation, have substantially augmented their early warning networks; work has already been started on the Mid-Canadian and the Distant Early Warning lines. Great progress has been made in extending radar coverage to the seaward approaches, both Atlantic and Pacific.

Closely related is the work which we have been doing in developing an effective Civil Defense program. This, as you know, is an integral part of the nation's defense system and requires development as a deterrent force similar to our military defense system and our retaliatory capacity.

Of no less importance to our nation's security is a continuing alertness to internal subversive activity both within and without governmental affairs. Despite controversy on this subject, I wish to state positively and unequivocally that this Administration will not relax its efforts to deal forthrightly and vigorously in protection of this government and this nation against subversion, at the same time tightly preserving the constitutional rights of our citizens.

A third and important feature in program planning is:

Our Fiscal Integrity

A public office is, indeed, a public trust. None of its aspects is more demanding than the proper conduct of the public finances. I speak now not of the indispensable virtues of plain honesty and trustworthiness but rather of the prudent and conscientious management of tax money. I speak also of the attitude of mind that makes efficient and economical service to the people a watchword in our government.

A balanced budget is the surest index to thrifty management -- in a home, in a business or in the Federal Government. When achievement of a balanced budget is for long put off in a business or home, bankruptcy is the result, but in similar circumstances a government resorts to inflation of the money supply. This inevitably results in depreciation of the value of the money, and an increase in the cost of living. Every home and every business is disastrously affected. Every citizen is injured. Every investment in personal security is threatened, and the values of all insurance, bonds, pensions, and savings accounts are reduced.

We have made long strides these past three years in bringing our Federal finances under control. The deficit for fiscal year 1953 was almost 9-1/2 billion dollars. Larger deficits seemed certain -- deficits which would have pushed the cost of living still higher and further depreciated the value of the dollar. But government waste and extravagance were searched out and eliminated. Nonessential activities were dropped. Every Government expenditure was carefully scrutinized. The total was cut by 14 billion dollars below the amount planned by the previous Administration for fiscal year 1954.

This made possible the largest tax cut in any year in our history. Over 7 billion dollars was released to the taxpayers and every single taxpayer in the country received some reduction in his tax. This great tax cut also helped to build up the economy to make jobs in industry and increase the production of the many things desired to improve the scale of living for the great majority of Americans.

The buoyancy of the revenue arising from the strong expansion of the economy, coupled with a constant care for efficiency in government operations and an alert guard against controllable waste and duplication, has brought us to a prospective balance between income and expenditure. This is being done without any weakening of our military security.

I expect the budget to be in balance during this fiscal year of 1956. I expect further to submit a balanced budget for the next fiscal year of 1957.

But this can only be accomplished by the continuing every-day effort of all branches of the Government in keeping expenditures under control.

It will also be necessary to continue all of the present excise taxes without any reduction and the corporation income taxes at their present rates for another year beyond next April 1st.

Lower taxes are desirable for the best interest of the American economy over the long pull and reductions should be made whenever they are fully justified. I am opposed, however, to any reduction in taxes to be made with borrowed money, especially under present conditions of high prosperity throughout the country, thereby passing on to future generations the load that we ourselves ought to pay.

It is also desirable in the prudent management of our financial affairs to always be mindful of our enormous national debt and the obligation we owe future generations to reduce it whenever we can appropriately do so.

Our present estimates do not now indicate a sufficient surplus to justify any further immediate tax relief. In the late spring, however, more accurate estimates for the ensuing year of both receipts and expenditures can be made after the tax returns have been filed in the important months of March and April. If it then appears that a surplus of income over expenditures can be reasonably expected, we can then consider whether either debt reduction or tax relief, or both, can appropriately be made.

If tax relief appears to be justified, I will recommend the amount and manner of making such a tax cut as our estimates of future conditions may then indicate, not only for the benefit of all taxpayers but as a further step toward a tax structure better adapted to serve equity and to sustain long-term economic growth.

Under the present rate structure, a massive deficit is inescapable in the Post Office Department. In the past three years, it has been overhauled. A new wage and incentive plan for its half million postal employees has been established. Nearly one thousand post offices have been built. Financial practices have been modernized and transportation and operating methods are being constantly improved. The public benefits by more than seventy changes in mailing procedures. Never before have our post offices handled so much mail so quickly and so economically.

The Post Office Department faces two serious problems. Its physical plant -- post offices and other buildings -- are obsolete and inadequate. Many new buildings and the modernization of present ones are essential if we are to have good mail service. Hampering this is its fiscal plight. With the addition of 200 million dollars to its costs due to recent wage increases and the need to constantly expand mail deliveries to meet the requirements of our growing country, the Department now faces an annual deficit of one-half billion dollars.

I shall deal with these problems of the need for modern postal facilities and for additional postal revenues in special messages to be sent to the Congress. The ultimate goal is a postal service second to none -- a service whereby a letter mailed today will be delivered anywhere in the country tomorrow.

Our Strong Economy

In its operation from the earliest days, our competitive enterprise has consisted of the tireless energy of free human beings limited by prudent restraints in law, depending upon free markets to plan, organize and distribute production, and spurred by the prospect of reward for successful effort. This system has developed our resources. It has marvelously expanded our productive capacity. Against the record of all other economic systems devised through the ages, this competitive system has proved the most creative user of physical resources and human skills.

This is still true in this era when improved living standards and rising national requirements are accompanied by swift advances in technology and rapid obsolescence in machines and methods. These complications make it imperative -- to assure effective functioning of our enterprise system -- that the Federal Government concern itself with certain broad areas of our economic life. I shall briefly mention four of these areas today preliminary to their fuller discussion in later special messages.

Agriculture. In many areas, our farm people are not sharing as they should in the general prosperity which marks the transition from war to peace. They alone of all major groups have seen their incomes decline rather than rise. They are caught between two millstones -- rising costs and declining prices.

Such a blight upon a part of the national economy so vitally important to everyone is intolerable. No other resource is so indispensable as the land that feeds us. No other group is so fundamental to an industrial nation as those who operate our farms.

Events of the years through which we have been living have contributed greatly to farmers' problems. In successful prosecution of the war, the nation called for their utmost effort. Their response was superb, their contribution unsurpassed.

Farmers are not now to be blamed that policies and laws attuned to war have been too long continued. War markets are not the markets of peacetime. Failure to adjust legislation accordingly has brought its inevitable result -- a piling up of mountainous surpluses. These are products the war required, but which cannot profitably be used in the same volume and proportions in a peacetime world.

Surpluses of some crops are now causing acres to be diverted into other crops and onto other farmers. They are destroying instead of building markets, and are depressing the price of almost every farm product.

Our objective must be a dynamic farm program which brings production into balance with the markets that can be developed -- and at prices that yield farmers a return in line with what other Americans get.

Library

The dimensions of government responsibility are as broad and complex as the farm problem itself. We are here concerned not only with our essential continuing supplies of food and fiber, but also with a way of life. Both are indispensable to the well-being and strength of the nation.

Consideration of these matters must be above and beyond politics. Our national farm policy, so vital to the welfare of farm people and all of us, must never become a political football.

It is folly to think some quick new cure-all can suddenly dispel problems that have built up over the years. Our challenge is a prosperous and free agriculture. It will be achieved only through a steady, persistent, imaginative advance in the partnership between farmers and their government.

Accordingly, I am recommending a program that will raise farm income, help pull down the surplus, and more effectively balance production with needs. I shall submit to the Congress, this month, my detailed recommendations with respect to this program.

Area Redevelopment. In addition to our determination to improve the position of agriculture, we must help deal with the pockets of chronic unemployment that here and there mar the nation's general industrial prosperity. Technological advances in recent years have been often so rapid and far-reaching that areas committed to a single local resource or industrial activity have found themselves temporarily deprived of their markets and their livelihood.

Such conditions mean severe hardship for thousands of people as the slow process of adaptation to new circumstances goes on. This process, I have always believed, can be speeded up.

Last year I authorized a major study of the problem to find additional steps to supplement existing programs for the redevelopment of areas of chronic unemployment. I shall soon submit proposals designed to supplement with Federal technical and loan assistance local efforts to get on with this job. Improving such communities must, of course, remain the primary responsibility of the people living there and of their states. But a soundly conceived Federal partnership program can be of real assistance to them in their efforts. This assistance we must provide.

Resources Conservation -- I wish to re-emphasize the critical importance of the wise use and conservation of our great natural resources of land, forests, minerals and water.

Water in particular now plays a major role in industrial processes, in the irrigation of land, in electric power, as well as in domestic uses. At the same time, it has the potential of damage and disaster.

A comprehensive legislative program for water conservation will be submitted to Congress in the coming Session. The development of our water resources cannot be accomplished overnight. It is a matter of long-range development.

Therefore, I strongly recommend that action be taken at this Session on the Colorado River Storage Project, the Frying Pan-Arkansas Project, the John Day development bill, and other projects which provide for cooperative action between the Federal Government and other agencies, including pending legislation, which makes provision for Federal participation in small projects under the primary sponsorship of agencies of State and local government.

During the year the areas of our National Parks have been expanded, and many new wildlife refuges have been created. The visits of our people to these areas have increased much more rapidly than have the facilities to adequately care for them. I shall submit legislative recommendations to provide more adequately for our parks, refuges and more adequate facilities to keep abreast of the increasing interest of our people in the great outdoors.

Disaster Protection. A modern community is a complex combination of skills, specialized buildings, machines, communications. Most importantly it involves human lives. Disaster in many forms -- by flood, frost, high winds, for instance -- can destroy on a massive scale in a few hours the labor of many years.

Through the past three years, the Administration has repeatedly moved into action where disaster struck anywhere in the country. Thereby, I believe, the general welfare was promoted by the Government's immediate concern for local welfare in a situation that could not be effectively handled by the States alone. But funds and legislation have been inadequate. This subject, too, will be treated in a special message this session.

* * * *

These broad aspects of our economic life do not exhaust the administration's economic program for this session. The road bill, for example, is even more urgent this year than last, for 12 months have now passed in which we have fallen further behind in road construction needed for the personal safety, the general prosperity, the national security of the American people. During that year the number of motor vehicles has increased from 58 to 61 million. Traffic has increased from 561 to 583 billion vehicle miles. During the past year over 36,000 persons lost their lives in highway accidents, while the fearful toll of injuries and property damage has gone on unabated.

In my message of February 22, 1955 I urged that measures be taken to complete the vital 40,000 mile interstate system over a period of 10 years at an estimated federal cost of approximately $25 billion dollars. However, no program was adopted. There is now general agreement on the need for this augmented program for completion of the interstate system and on the necessity for an adequate plan of financing. Accordingly, I renew my recommendation that the Congress promptly enact legislation which will provide now for the assured construction and financing of the Interstate System, as well as the continuation of Federal aid for the other highways so essential to the economic welfare of our Nation.

By welcome contrast, we have witnessed in this past year steady improvement in the economic health of small business which is testimony to the vitality of our free enterprise economy. We shall continue our efforts to be of significant assistance to this extremely important segment of our industrial life.

I have directed that continued emphasis be placed on rendering technical service to small business as well as financial help where such assistance is unavailable from private sources. The program is also intended to assist and advise small business in methods of obtaining additional equity capital.

Certain contracts for the tremendous needs of government must necessarily be placed with large organizations, but to a marked degree these large contracts filter down in their component parts as sub-contracts to small business concerns.

Through measures that have already been taken areas of procurement activity for civilian products as well as military materiel and supplies have been made available for further participation by small business firms. The effectiveness of these measures will become increasingly apparent and we will continue to examine procedures to make certain that small business can have a fair opportunity to compete.

Additionally, the exceptionally vigorous anti-trust program to protect and preserve our competitive enterprise system will continue to go forward -- a program which in the past three years has exceeded in vigor any comparable effort in many years.

A final consideration in our program planning is:

Our Human Resources

A basic and fundamental belief shines forth in America. We believe in the worth and dignity of the individual. We know that if the people are to govern themselves wisely -- in the tradition of America -- they must have the opportunity to develop their individual capacities to the utmost. This opportunity is the key to the perpetual building of our greatest asset -- our human resources.

To fulfill the individual's aspirations in the American way of life, good education is fundamental. Good education is the outgrowth of good homes, good communities, good churches and good schools. Today our schools face pressing problems -- problems which will not yield to swift and easy solutions, or to any single, sweeping action by the Federal Government. They will yield only to a continuing, active, informed effort by the people toward achieving better schools.

This kind of effort has been spurred by the thousands of conferences held in recent months by half a million lay citizens and educators in all parts of the country, culminating in the White House Conference on Education which was held five weeks ago. In the White House Conference, some two thousand persons, broadly representative of the Nation, studied together the problems of the Nation's schools.

They concluded that the people of the United States must make a greater effort through their local, State and Federal Governments to improve the education of our youth. This expression from the people must now be translated into action at all levels of government.

I urge therefore that the Congress delay no longer. I urge prompt and affirmative action in enacting a strong and effective program to help erase the existing deficit of school classrooms. Such a program should operate to increase rather than replace local and State support of schools; should give the greatest help to the States and localities with the least financial resources; and should in no way jeopardize the freedom of local school systems. I shall present to Congress later the details of a revised and broadened Administration proposal.

A school construction program should be accompanied by action to increase services to the Nation's schools by the Office of Education and by legislation to provide continuation of payments to school districts where Federal activities have impaired the ability of those districts to provide adequate schools.

Under the 1954 Amendments to the old-age and survivors insurance program, protection was extended to some ten million additional workers and benefits were increased. The system now helps protect nine out of ten American workers and their families against loss of income in old age or on the death of the breadwinner. The system is sound. It must be kept so. We must give the most careful consideration to proposed changes in relation to population and social trends and cost factors.

I shall recommend improvements which are needed and which can be prudently made at this time. Old-age and survivors insurance protection should be extended to groups not now eligible. The qualifying age should be lowered from 65 to 60 for payment of benefits to persons forced into premature retirement, with consequent loss of income, by extended total disability. Payment of children's benefits should be continued after age 18 where the child is totally disabled. The reporting of wages for social security purposes and income tax withholding should be simplified and consolidated.

Although income is basic, the problems confronting our aged persons extend beyond money alone. The addition of years of physical and mental vigor to a person's life should not persist as a problem; it should be an asset to the individual and to the Nation. We must give greater emphasis in all our programs -- including health, employment, adult education, housing, and social services -- to the special needs of those in the later years of life.

Other needs in the area of social welfare include increased child welfare services, an intensified attack on juvenile delinquency, and special attention to the problems of mentally retarded children. The training of more skilled workers for these fields and the quest for new knowledge through research in social welfare and child life are essential.

In the field of health, the Nation has made dramatic progress. And yet in our changing society new and perplexing problems have developed. Cancer, heart disease and mental illness are increasing their toll. All the facts point to the need for more medical research. A relatively small investment can open new frontiers of knowledge, prevent suffering and prolong life. Accordingly, I shall recommend a substantial increase in Federal funds for a well-balanced program including basic research into the causes, prevention, treatment, and cure of the diseases that exact the heaviest toll today. As an integral part of this effort, I shall recommend a new program to aid construction of medical research and teaching facilities and help provide more adequate support for the training of medical research manpower.

Library

Finally, we must help cushion the heavy and rising costs of illness or hospitalization to individuals and families. Voluntary health insurance coverage should be extended to many persons who are not included now; plans should be evolved to improve protection against catastrophic costs of prolonged or serious illness or hospitalization. I believe that a reinsurance plan, private or Federal -- which offers a systematic method of pooling risks -- will hasten the process of extending and improving health insurance protection for the people. This will help reduce the dollar barrier between many Americans and the benefits of modern medical care.

I shall present the Administration health program in more detail in a Special Message to the Congress.

Our concern for the health of our people is paralleled by our concern for the welfare of our working people. In this area as in others I have mentioned I am disappointed by failure of the Congress to act last year.

Improvement of the Labor Management Relations Act is needed. The recommendations I have already submitted to the Congress for its consideration take into account not only the interests of labor and management but also the public welfare. These should be enacted without further delay for the good of all our people.

We must also carry forward the job of improving the wage-hour law, half completed last year by the increase in the minimum wage. I have previously urged this Congress to broaden the coverage of the minimum wage. I urgently repeat that recommendation. Moreover, as requested last year, legislation is urgently needed to clarify and strengthen the so-called Eight Hour Laws for the benefit of workers on Federal and Federally-assisted construction and other public works.

I shall soon propose legislation to assure adequate disclosure of the financial affairs of each employee pension and welfare plan to afford substantial protection to their beneficiaries in accordance with the objectives outlined in my message of January 11, 1954. Occupational safety still urgently needs attention, as I pointed out last year, and the need for legislation to improve the Longshoremen's and Harbor Workers' Compensation Act is still acute. The improvement of the District of Columbia Unemployment Insurance Law and legislation to provide District employees with non-occupational disability insurance is no less acute now than it was twelve months ago. Legislation to apply the principle of equal pay for equal work without discrimination because of sex is a matter of elemental justice. I most earnestly urge the Congress to move swiftly to implement these needed labor measures.

In the field of human needs, we must also carry forward the Administration's comprehensive housing program which is contributing so greatly to the well-being of our people and the prosperity of our economy. For this, most of the legislative authority already exists. However, a firm program of public housing is essential until the private building industry has found ways to provide adequate housing for low-income families. I shall propose authority to contract for 35 thousand additional public housing units in each of the next two fiscal years. This public housing should be made available only to communities which make it a part of a comprehensive and integrated attack on slums and blight.

We must make certain that housing is available to meet the special needs of the growing number of older people. I shall propose several amendments to the National Housing Act to assist the private homebuilding industry as well as charitable and non-profit organizations in meeting the housing needs of the elderly. Legislation will also be proposed to make a reasonable proportion of public housing available to low-income families and single persons.

With so large a number of the American people desiring to modernize and improve these existing dwellings, I recommend that the Title I program for permanent improvements in the home be liberalized for the first time in the past fifteen years under the Federal Housing Administration. I recommend that its present limitations of $2500 for home improvement loans, with only three years to pay, be increased to $3500, with five years to pay.

Throughout the housing scene we can be confident that an expanding market, a high level of new housing, and a marked improvement in our older neighborhoods will contribute materially to a stable economic condition throughout the nation.

I recommend increases in the general FHA mortgage insurance authority, the extension of the FHA military housing program, an increase in the authorization for Urban Planning grants, and in the special assistance authority of the Federal National Mortgage Association. I have directed the Housing Administrator to keep under constant study, steps to revise the existing program of moderate credit restraints in such a manner as may be warranted by the changing demands of the housing market and the national economy.

The legislation I have recommended for our working people presumes a parallel effort affecting the welfare of our government employees. This Administration has consistently advocated the adoption and establishment of personnel management policies and programs which provide benefits and protections for Federal employees comparable to those afforded by progressive employers in private industry for their employees. With the cooperation of the Congress our record of accomplishment in this field far exceeds that of any previous Administration.

A contributory life insurance program; equitable pay increases and a fringe benefits program, covering many needed personnel policy changes, from improved premium pay to a meaningful incentive awards program are examples of the substantial improvements in our Federal personnel system.

Further improvements are needed. Therefore, we will propose additional personnel management legislation to this session of the Congress. At an early date I shall make these recommendations in a special message, placing emphasis on Executive pay, including necessary adjustments in pay for top career positions; prepaid group health insurance for employees and their dependents; major improvements in the Civil Service Retirement system; the use of outside training facilities by Government agencies and necessary changes in the laws governing our overseas personnel management to provide greater equity for our employees serving outside the continental limits.

I know that every member of this Congress shares with me a continuing concern for the welfare of those who have served this nation in the armed forces. The Commission on Veterans Benefits is at this time conducting an exhaustive study of the entire complicated field of veterans benefits and soon will recommend to me proposed improvements which I know will deeply interest all veterans and the affected committees in this Congress. Shortly after completion of this study, I shall communicate with the Congress giving my recommendations on the views so submitted to me.

The Survivor Benefits legislation already mentioned with respect to the personnel of our armed forces is of equal concern to the dependents of veterans who died from service causes, and again I express the hope that this measure will soon be written into law.

We are proud of the progress which has been made in the field of civil rights. In the Federal Establishment, through administrative action, we have succeeded in erasing the last vestiges of segregation in Washington, D. C., the nation's Capital, and in other such vital areas of federal jurisdiction as the Armed Forces, the Veterans' Administration, and all civilian facilities connected with our military installations. We have given to every citizen the right to aspire to a position of responsibility in the service of his country.

In every part of the nation, citizens are cooperating in achieving a better inter-racial climate. It is disturbing, however, to note that in a few, restricted localities in our nation, allegations persist that citizens are being deprived of their right to vote and are otherwise being subjected to unwarranted economic pressures. I recommend that the substance of these charges be examined through the establishment of a bipartisan Commission to explore all accusations of interference with the inalienable right of franchise.

The stature of our leadership in the free world has increased through the past three years because we have more amply than ever before assured all our citizens equality in justice and in opportunity and in civil rights. We should expand this effort on every front. One particular challenge confronts us.

In the Hawaiian Islands, East meets West. To the Islands, Asia and Europe and the Western Hemisphere, all the continents, have contributed their peoples and their cultures to display under the American flag a unique example of a community that is a successful laboratory in human brotherhood.

Statehood, supported by the repeatedly expressed desire of the Islands' people and by our traditions, would be a shining example of the American way to the entire earth. Consequently, again as last year, I urgently request this Congress to grant statehood for Hawaii. Also, within the framework I last year communicated to the Chairman of the House Committee on Interior and Insular Affairs, I trust that progress toward statehood for Alaska can be made in this session.

In this connection progress is constant toward full integration of our Indian citizens into normal community life. During the past two years the Administration has provided school facilities for thousands of Indian children previously denied this opportunity. We must continue to meet the needs of increased numbers of Indian children, and I shall recommend provisions for the education of adult Indians whose education in earlier years was neglected.

I again urge upon the Congress the need for revision of the immigration and nationality laws, in keeping with our responsibility of world leadership and in our own self-interest. This country has always benefited from the contributions of immigrants to our shores. Our laws should be modernized to give greater emphasis to the character and capabilities of the persons seeking admission. I recommend that quotas should be determined on a more liberal and equitable basis and that provision should be made for greater flexibility in their use. I shall send a special message to the Congress in the near future on the subject of the Immigration and Nationality Act.

I am happy to report substantial progress in the flow of immigrants under the Refugee Relief Act of 1953; however, I again request this Congress to approve without further delay the urgently needed amendments to that act which I submitted in the last session.

Once again I ask the Congress to join with me in demonstrating the strength of our belief in the right of suffrage. Again, as last year, I urge that a Constitutional Amendment be submitted to the States to reduce the voting age for Federal elections. Again, as last year, I renew my request that the principle of self-government be extended and the right of suffrage granted to the citizens of the District of Columbia.

To conclude: the vista before us is bright. The march of science, the strength of the economy, the advance in collective security toward a just peace -- this threefold movement is a heartening spiral in the standards by which the future of the Republic may be judged.

Their promise, however, will be realized only in our single-minded devotion to the common good of America in a world where freedom and justice gain new hold on men's minds.

There are national objectives which surpass partisan victories in their reward for us all. They are the well-being, the prosperity, the security of all Americans in every walk of life, on every farm and in every community, at home and in every outpost of national duty.

To the attainment of these objectives, I pledge the Administration, as in the session ahead, it works on a program for submission to you, the Congress of the United States.

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E.O. 11652, Section 1
By DHC NLE, Date 8-6-76

MINUTES OF CABINET MEETING

January 16, 1956
9:05 A. M. --- 11:25 A. M.

The following were present:

President Eisenhower

Sec. Dulles
Sec. Humphrey
Sec. Wilson (in part)
Mr. Brownell
Mr. Summerfield
Sec. McKay
Under Sec. True Morse
    (for Sec. Benson)
Sec. Weeks
Sec. Mitchell
Sec. Folsom

Director Hughes, and
    Mr. Brundage (in part)
Dr. Flemming
Gov. Stassen
Chrm. Young
Dr. Burns, and Drs.
    Davis and Saulnier
Amb. Lodge

Gov. Adams
Gen. Persons
Mr. Hagerty (in part)
Mr. Shanley
Dr. Hauge
Mr. Morgan (in part)
Mr. Seaton (in part)
Mr. Harlow (in part)
Mr. Martin (in part)
Mr. Murray Snyder
Col. Goodpaster
Mr. Rabb
Mr. Patterson
Mr. Minnich

Budget (CP-44) - Director Hughes noted the prospects for a balanced budget as set forth in the President's Message to Congress, remarked on the fine teamwork which had made the situation possible, commented that this budget was not so austere that no further savings could be made if necessary, and urged that Cabinet members continue the relentless fight and search for further savings. He warned against the imbalance that would be created by any unforeseen supplemental requests. The President commented on the list of "end runs" in CP-44 and urged all Cabinet members to read it carefully.

Amb. Lodge called attention to the favorite election year activity of Congress in asking questions designed to elicit from witnesses testimony critical of Administration budget decisions. Mr. Humphrey emphasized the broad view on which such decisions were based, Mr. Hughes noted that reductions of original requests were always negotiated and not imposed, and the President stressed how decisions had been

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made by the entire group in Cabinet, NSC, etc. He stated again his feeling that the law of diminishing returns applied very clearly to security expenditures. Mr. Humphrey suggested that the list of "end runs" be required reading for every one who testifies. Mr. Wilson referred to his current differences with Sen. Symington on the level of Defense expenditures.

Sec. Humphrey warned the Cabinet to expect charges that the Administration has hidden a nest egg in the budget for purposes of a tax cut later on. ThePresident said that he just could not see any desirability in talking about tax cuts at this time and that he did not want this Administration to be the one to be cutting taxes constantly for the sake of politics when there is so great need for debt reduction.

Economic Report - Dr. Burns noted the matters required by law to be in the report. He stated that it contained this year some sixty or seventy economic proposals which had been thoroughly discussed at many conferences of CEA members with top department and agency officials. He noted generally the contents and then read at length from sections of Chapter I. He referred only briefly to Chapter II as a sound scientific analysis of recent developments. He then suggested that the Cabinet take a short break in well mannered University style.

When the meeting resumed five minutes later, Dr. Burns noted the major items in Chapters III and IV for extending prosperity to certain sectors of the economy and for strengthening the prospect of extending prosperity indefinitely into the future. He put particular emphasis on the wording of references to broadening of minimum wage coverage, anti-trust enforcement, and the need for having on a standby basis authority to control consumer credit. He noted also the emphasis throughout the report on the fundamental belief in the effectiveness of free enterprise.

In discussion, Sec. Weeks emphasized control of consumer credit was a reversal of Administration policy and that it would weaken efforts to resist current demands that the Government resume control over certain scarce materials. Sec. Dulles stated his liking for the report but believed the implication should be removed that prosperity with inflation was possible. Dr. Burns cited instances since the sixteenth century when there had been concurrent inflation and prosperity. The President believed the language might be modified to show the difference between prosperity with and without inflation.

Sec. Dulles then emphasized the potential danger of implying that the formula for sustained prosperity had now been found, for such an implication would inspire false confidence so extensively as to defeat the purpose of sustaining prosperity. Sec. Humphrey and the President concurred, as did Dr. Burns, who stated he would insure a reasonable balance of optimism and caution in the document.

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Reverting to consumer credit, the President stated his belief that the power ought to be placed in the Federal Reserve Board but that Presidential approval of any positive action should be required. Sec. Humphrey doubted that the Administration was ready to ask for this power at this time. The President commented on the ineffectiveness last year of efforts to convince certain business leaders to use restraint. Gov. Stassen cited the general authority of the Administration to control credit through the rediscount rate and believed it desirable to ask for this specific authority as a precise tool for working on a distinct part of the problem. Sec. Humphrey stated his doubts as to what the economic situation would be in late '56 or early '57, and his desire to avoid undermining confidence by making this request. He believed that events in the next sixty or ninety days would provide a more certain basis for determining the need. The President asked if he would be agreeable to a reference in the Economic Report that the Administration "may ask Congress" for the authority, and Mr. Humphrey replied that that would be satisfactory. Dr. Burns stressed the importance of the matter and hoped there could be further consideration given before decision was made as to the handling of the matter in the report. Sec. Weeks stressed his liking for Mr. Humphrey's sixty to ninety day proposal. Mr. Folsom stated his agreement with Dr. Burns on the importance of regulating consumer credit, noted the belief of the Council of Economic Development that the Administration ought to have the authority, but agreed that there was room for discussion as to whether the request should be put in the report. The President thought it might be possible to put a statement in the report that this power should be a tool of government and that the Administration would have to request the authority if business did not itself correct the situation. Sec. Dulles thought this approach was open to attack for running the risk of being too late. The President disagreed somewhat and said that to create a scare by this request might bring on the situation that the Administration was trying to avoid.

Dr. Flemming questioned whether the authority for consumer credit ought to be with the Federal Reserve Board or, because of mobilization needs, with the President. The President replied that the Federal Reserve Board would have it by delegation from the President and it could be recalled to the President in case of mobilization.

Sec. Humphrey noted the need for reviewing the language used in regard to financing the highway program.

In reply to a question, Dr. Burns indicated the necessity for having comments in during the day if the deadline of the twenty-third was to be met. The President felt the matters still undecided were of such importance that it would be worthwhile if necessary to delay transmission of the report to the Congress in order to have the best possible document. Dr. Burns assured the Cabinet that they would have opportunity to review a later draft and it was then agreed that comments on the current draft should be submitted by Tuesday morning.

Copies to:
Mrs. Whitman ✓
Mr. Rabb
Mr. Minnich

LAM
L. A. Minnich, Jr.

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RA - 42

January 16, 1956

The White House

Washington

THE CABINET

Record of Action

The following is the action taken on the items presented at the Cabinet Meeting of January 16, 1956:

1. Support of the President's Budget Estimates CP - 44

ACTION:

The President approved the Recommendation of Cabinet Paper 44 and made the following further suggestions:

a) That the ten examples cited in the attachment to CP - 44 be called to the attention of each Executive Branch witness preparing to testify on appropriations;

b) That Department and Agency Heads ensure that each such witness is well enough acquainted with the Administration's overall budget objectives so that he can understand them fully, can appreciate the group decision which they represent, and can support them from personal conviction.

2. The Economic Report

ACTION:

a) Each Department Head receiving the current draft (or excerpts therefrom) of the Economic Report is to furnish his comments thereon to the Chairman of the Council of Economic Advisers by Tuesday morning, January 17

b) Certain specific suggestions made at the meeting will be given special further consideration.

Maxwell M. Rabb
Secretary to the Cabinet

CABINET PAPER

For Action

DRAFT

2. The Economic Report

To ~~[illegible]~~ the Cou. appreciate the gov they represent,

ACTION:

a. Each Department Head receiving the current draft (or excerpts therefrom) of the Economic Report is to furnish his comments thereon to the Chairman of the Council of Economic Advisers by Tuesday morning, January 17.

b. On certain specific points, the following general directions ~~are~~ were laid down:

i) Care should be taken that the Report does not overconfidentialy predict continuing "prosperity without inflation" in such a way as to leave the impression that anything other than hard work and constructive contribution on the part of everyone is the key to true prosperity.

ii) It would not be advisable to request the Congress now to give the government power to regulate consumer credit terms; it would be better to call attention to the problem of overexpanded consumer credit and to the possibility of subsequent ~~the~~ proposals from the Executive Branch.

iii) Any such ~~request~~ proposals should leave this authority in the hands of the Federal Reserve Board with the proviso that action would not be taken under this authority without the approval of the President.

Maxwell M. Rabb
Secretary to the Cabinet

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CP - 44

January 17, 1956

The White House
Washington

THE CABINET

Support of the President's Budget Estimates

The attached approved paper is circulated for action by each Cabinet Member and Agency Head.

The Recommendation of this paper was approved by the President at the Cabinet Meeting of January 16, 1956 (RA - 42, Item 1).

In implementing this Recommendation, the attention of Cabinet Members and Agency Heads is directed to the further suggestions made by the President and outlined in Item 1 (subsection "a" and "b") of RA - 42.

Maxwell M. Rabb
Secretary to the Cabinet

CABINET PAPER

For Action

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THE CABINET

Support of the President's Budget Estimates

Problem: What steps can be taken to assure that policies on supporting the estimates included in the President's budget are more strictly observed?

Discussion: The Budget and Accounting Act, 1921, as amended, provides for the President to submit the budget to Congress, showing ". . . proposed appropriations necessary in his judgment for the support of the Government for the ensuing fiscal year. . ." It further provides, with respect to agencies in the executive branch, that "No estimate or request for an appropriation and no request for an increase in an item of any such estimate or request. . . shall be submitted to Congress or any committee thereof by any officer or employee of any department or establishment, unless at the request of either House of Congress." (31 U. S. C. 15)

Section 1913 of Title 18 of the U. S. Code prohibits lobbying with appropriated moneys, and requires that communications with respect to requests for legislation or appropriations be transmitted "through the proper official channels." Penalties include fines of not more than $500, imprisonment of not more than a year, and removal from office.

In testimony before the Appropriations Committees with respect to the 1956 budget, there were several instances where agency witnesses, either directly or indirectly, indicated that an inadequate amount was included in the President's budget for a specific program. In some cases, the testimony appears in the printed record of the hearings; in other cases, it was "off the record." Witnesses have in some instances also failed to support the President's budget through (1) indicating a need for a supplemental appropriation in the current year or the possibility of a supplemental for the budget year; (2) recommending the deletion or addition of general provisions which would change the intent of the budget; or (3) forecasting future increases in financial needs of the program above the levels contemplated in the budget allowances. A few examples, taken from the printed record of the 1956 hearings, are described in the attachment.

The budget which the President transmits to Congress represents his best judgment as to amounts required for a balanced program for the executive branch as a whole, and the amounts included for each appropriation result from consideration of the individual program as a part of the total requirements of the Government and the resources available to meet those requirements.

While agency witnesses are expected to make forthright answers to any questions on their personal views as to the adequacy of the President's recommendation to Congress or on the facts as to the amount of the agency's request which was presented for the President's consideration, they should -- in order to avoid misinterpretation of their actions under the provisions of law cited above -- make it clear that their answers are not intended as advocating an appropriation in excess of the President's budget. Agency witnesses will be expected to make it clear, in such a case, that their view of the Government's program and financial outlook is from a much narrower perspective than that of the President.

CABINET PAPER

For Action

Recommendation: That the head of each department and agency take appropriate action to make sure that each of his witnesses before Appropriations Committees is aware of the law and the policy on supporting the President's budget estimates, and that the law and policy will be strictly observed.

Implementation: Each department and agency head will take appropriate action.

Concurrences: None necessary.

Attachment: Examples of instances where agency witnesses failed to support the President's budget before congressional committees.

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SOME EXAMPLES OF INSTANCES WHERE WITNESSES FAILED TO SUPPORT THE PRESIDENT'S BUDGET BEFORE CONGRESSIONAL COMMITTEES

(From the printed record of hearings on the 1956 budget)

Example #1.

Agency witness voluntarily told the Committee that it would be good business to grant more money than was allowed in the budget for a specific activity.

Example #2.

Agency witness testified that the amount included in the budget did not make provision for the cost of fringe benefits, although the budget allowance actually included an amount for such costs.

Example #3.

Agency witnesses stated that unless an additional supplemental for 1955 was made available it would be necessary to reduce staff or effect payless furloughs. [No supplemental had been recommended at that point by the President.]

Example #4.

Agency witness voluntarily informed the Committee that the agency's request was $541,000 more than allowed by the President, and, in response to questioning, stated that he "would not be satisfied with anything less."

Example #5.

Agency witness, while supporting the President's budget, indicated that certain phases of the program would have to be postponed under the allowance, and that if the postponement caused inefficient operation it would be necessary to request a supplemental appropriation.

Example #6.

Agency witness, in response to questions, stated that the President's budget estimate was $10,000,000 less than the request made to the Bureau of the Budget, and estimated that a supplemental of $50,000,000 above the budget estimate would be required.

Example #7.

Agency witness testified, in response to questioning, that the agency's allowance was probably "inadequate."

Example #8.

Agency witness, in a prepared statement, stated the workloads on which the estimates were based and then expressed the belief that the estimates were "extremely conservative" and that if they proved to be "appreciably low," it would be necessary to seek additional operating funds.

Example #9.

Agency witnesses made a strong plea for the retention of a general provision as previously enacted rather than an amendment contained in the President's budget. [The budget allowance had been based on the proposed amendment.]

CABINET PAPER

For Action

Example #10.

Agency's prepared statement emphasized the inadequacy of appropriations and estimates for the program, and in reply to a direct question the witness stated that a staff five times the size of that provided by the budget estimate would not be excessive.

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CA - 42

January 13, 1956

The White House

Washington

THE CABINET

Agenda

9:00 A. M., Monday, January 16, 1956

1.	Keeping a Balanced Budget	CP - 44	The Director, Bureau of the Budget
2.	The Economic Report	(Oral)	The Chairman, Council of Economic Advisers

Maxwell M. Rabb
Secretary to the Cabinet

CABINET PAPER

For Action

THE WHITE HOUSE
WASHINGTON

January 12, 1956

MEMORANDUM FOR THE PRESIDENT

SUBJECT: Agenda for the January 16 Cabinet Meeting

The following items have been tentatively scheduled for the Cabinet Meeting of January 16, 1956, subject to your approval:

1. Preview of the Economic Report

(The Chairman, Council of Economic Advisers)

Dr. Arthur Burns will give you and the Cabinet an advance summary of the most significant portions of the Economic Report, now being prepared for a tentative release date of January 23. This presentation will include several new items which need your attention.

ESTIMATED TIME: 1 hour (not including discussion)

2. Preview of the Budget Message

(The Director, Bureau of the Budget)

As Director Hughes mentioned to you recently, he wishes to give the Cabinet an advance summary of the Budget Message for Fiscal Year 1957, scheduled for release on January 16. The Cabinet will thus be presented with the most up-to-date estimates on the levels of spending and the prospects of budget balance for the Fiscal Year beginning next July.

(continued next page)

2. (cont.)

Director Hughes will also propose to the Cabinet a policy statement (Cabinet Paper No. 44) to govern subordinate Administration witnesses at Appropriations Committee hearings.

ESTIMATED TIME: 15 minutes

3. Our National Parks -- Mission 66

(The Secretary of the Interior)

Under the American urge to take to the out-of-doors, the National Parks have been swamped with visitors, particularly last summer. Outmoded facilities, built in the 20's and 30's, are hopelessly behind the demand. The opposition is finding this another target at which to shoot blasts of "give-away" and "neglect of conservation".

With the problem getting progressively worse, Interior and the Park Service have been working for months on a comprehensive, one-package program for present and long-range development. The name of the program is "Mission 66" (to prepare the Parks for the 80,000,000 visitors expected in 1966, the 50th anniversary of the Park Service.)

Interior must go before an Appropriations Committee later next week; Secretary McKay is asking Cabinet support and your approval of the Mission 66 program now, before the opposition grabs this ball and takes the credit for it.

ESTIMATED TIME: 15 minutes

Maxwell M. Rabb
Secretary to the Cabinet

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CP - 44

January 11, 1956

The White House

Washington

THE CABINET

Support of the President's Budget Estimates

For consideration by the Cabinet, attached is a brief paper prepared by the Director of the Bureau of the Budget.

This paper cites the applicable statutes concerning the presentation of the Executive Branch's Budget to the Congress, and proposes a policy which should govern the remarks of Agency witnesses when queried as to their personal views about that Budget.

The attached paper will be considered in conjunction with the presentation by the Director of the Bureau of the Budget scheduled on Cabinet Agenda 42.

Maxwell M. Rabb
Secretary to the Cabinet

CABINET PAPER

For Consideration

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THE CABINET

Support of the President's Budget Estimates

Problem: What steps can be taken to assure that policies on supporting the estimates included in the President's budget are more strictly observed?

Discussion: The Budget and Accounting Act, 1921, as amended, provides for the President to submit the budget to Congress, showing ". . . proposed appropriations necessary in his judgment for the support of the Government for the ensuing fiscal year. . ." It further provides, with respect to agencies in the executive branch, that "No estimate or request for an appropriation and no request for an increase in an item of any such estimate or request. . . shall be submitted to Congress or any committee thereof by any officer or employee of any department or establishment, unless at the request of either House of Congress." (31 U. S. C. 15)

Section 1913 of Title 18 of the U. S. Code prohibits lobbying with appropriated moneys, and requires that communications with respect to requests for legislation or appropriations be transmitted "through the proper official channels." Penalties include fines of not more than $500, imprisonment of not more than a year, and removal from office.

In testimony before the Appropriations Committees with respect to the 1956 budget, there were several instances where agency witnesses, either directly or indirectly, indicated that an inadequate amount was included in the President's budget for a specific program. In some cases, the testimony appears in the printed record of the hearings; in other cases, it was "off the record." Witnesses have in some instances also failed to support the President's budget through (1) indicating a need for a supplemental appropriation in the current year or the possibility of a supplemental for the budget year; (2) recommending the deletion or addition of general provisions which would change the intent of the budget; or (3) forecasting future increases in financial needs of the program above the levels contemplated in the budget allowances. A few examples, taken from the printed record of the 1956 hearings, are described in the attachment.

The budget which the President transmits to Congress represents his best judgment as to amounts required for a balanced program for the executive branch as a whole, and the amounts included for each appropriation result from consideration of the individual program as a part of the total requirements of the Government and the resources available to meet those requirements.

While agency witnesses are expected to make forthright answers to any questions on their personal views as to the adequacy of the President's recommendation to Congress or on the facts as to the amount of the agency's request which was presented for the President's consideration, they should -- in order to avoid misinterpretation of their actions under the provisions of law cited above -- make it clear that their answers are not intended as advocating an appropriation in excess of the President's budget. Agency witnesses will be expected to make it clear, in such a case, that their view of the Government's program and financial outlook is from a much narrower perspective than that of the President.

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Recommendation: That the head of each department and agency take appropriate action to make sure that each of his witnesses before Appropriations Committees is aware of the law and the policy on supporting the President's budget estimates, and that the law and policy will be strictly observed.

Implementation: Each department and agency head will take appropriate action.

Concurrences: None necessary.

Attachment: Examples of instances where agency witnesses failed to support the President's budget before congressional committees.

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SOME EXAMPLES OF INSTANCES WHERE WITNESSES FAILED TO SUPPORT THE PRESIDENT'S BUDGET BEFORE CONGRESSIONAL COMMITTEES

(From the printed record of hearings on the 1956 budget)

Example #1.

Agency witness voluntarily told the Committee that it would be good business to grant more money than was allowed in the budget for a specific activity.

Example #2.

Agency witness testified that the amount included in the budget did not make provision for the cost of fringe benefits, although the budget allowance actually included an amount for such costs.

Example #3.

Agency witnesses stated that unless an additional supplemental for 1955 was made available it would be necessary to reduce staff or effect payless furloughs. /No supplemental had been recommended at that point by the President./

Example #4.

Agency witness voluntarily informed the Committee that the agency's request was $541,000 more than allowed by the President, and, in response to questioning, stated that he "would not be satisfied with anything less."

Example #5.

Agency witness, while supporting the President's budget, indicated that certain phases of the program would have to be postponed under the allowance, and that if the postponement caused inefficient operation it would be necessary to request a supplemental appropriation.

Example #6.

Agency witness, in response to questions, stated that the President's budget estimate was $10,000,000 less than the request made to the Bureau of the Budget, and estimated that a supplemental of $50,000,000 above the budget estimate would be required.

Example #7.

Agency witness testified, in response to questioning, that the agency's allowance was probably "inadequate."

Example #8.

Agency witness, in a prepared statement, stated the workloads on which the estimates were based and then expressed the belief that the estimates were "extremely conservative" and that if they proved to be "appreciably low," it would be necessary to seek additional operating funds.

Example #9.

Agency witnesses made a strong plea for the retention of a general provision as previously enacted rather than an amendment contained in the President's budget. /The budget allowance had been based on the proposed amendment./

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Example #10.

Agency's prepared statement emphasized the inadequacy of appropriations and estimates for the program, and in reply to a direct question the witness stated that a staff five times the size of that provided by the budget estimate would not be excessive.

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CA - 43

January 25, 1956

The White House

Washington

THE CABINET

Agenda

9:00 A.M., Friday, January 27, 1956

1.	The National Parks -- Mission 66	CP - 43/1	The Secretary of the Interior Mr. D'Ewart Mr. Wirth
2.	Federal Employees' Health Insurance	CP - 15/1	The Chairman, Civil Service Commission
3.	The Executive Pay Act	(Oral)	The Chairman, Civil Service Commission
4.	Action Status Report	CI - 7/3	The Secretary to the Cabinet

Maxwell M. Rabb
Secretary to the Cabinet

CABINET PAPER
For Action

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E.O. 11652, Section 1
By DHe NLE, Date 8-6-76

MINUTES OF CABINET MEETING

January 27, 1956
9:00 A. M. - 10:50 A. M.

The following were present:

President Eisenhower

Mr. Herman Phleger
  (for Sec. Dulles)
Sec. Humphrey
Sec. Wilson
Mr. Brownell
Mr. Summerfield
Sec. McKay
Sec. Benson
Sec. Weeks
Sec. Mitchell
Sec. Folsom

Mr. Brundage
  (for Director Hughes)
Mr. Cooley
  (for Dr. Flemming
Chrm. Young
Gov. Stassen
Dr. Burns

Asst. Sec. of Interior D'Ewart
Director Wirth, of the Park Service
  and three technicians (all in part)

Mr. Winslow and Mr. Irons, of
  Civil Service (in part)

Gov. Adams
Gen. Persons
Mr. Shanley
Mr. Morgan
Mr. Seaton
Dr. Hauge
Mr. McCann
Mr. Murray Snyder
Mr. Martin
Mr. Harlow
Gov. Pyle
Mr. Rabb
Mr. Patterson
Mr. Minnich

Prior to discussion of the first item, the President asked Sec. McKay whether he had ever scrawled a note atop a letter asking Sec. McKay to see what could be done about the application for mining rights. Mr. McKay replied that the President certainly had not and that the hearings yesterday had clearly brought out that members of the Committee staff had never seen any such letter.

National Parks -- Mission 66 (CP-43/1) - Sec. McKay read a statement concerning the needs of the National Park System, pointed out Democratic interest in improvements, and noted the interest that nearly every member of the Cabinet would have in the 10-year program about to be presented. Mr. Wirth, with the aid of color slides and a short film, outlined specific needs and the proposed remedies. He stressed that in addition to its own projects, the Federal Government would encourage the development of improved facilities by individuals and state and local governments. He emphasized the importance of carrying on the several

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types of improvements simultaneously in a "one-package program" so that full use of a Park could be had as early as possible. He estimated the cost of Mission 66 to be about 25% more than current Park expenditures. He stated that the program could be operated this year under existing authority and that any necessary new legislation would be cleared through regular Budget Bureau channels. Asst. Sec. D'Ewart noted the vast interest every Member of Congress would have in the program. In the discussion, the President asked why so long a time had been taken in developing this program if the need were so great. Sec. McKay and Mr. Wirth cited recent increases in the National Parks appropriation and the budgetary difficulties of moving any more rapidly prior to this time. Sec. Weeks asked about revenues produced by fees at the Parks and the ensuing discussion made it clear that they could play only a minor role in financing the necessary improvements. The President stated that it was undesirable to charge for admission to historic shrines and that the $5 million currently collected at the National Parks seemed hardly worth the effort and annoyance to the public. Sec. Wilson believed the collection costs would absorb too large a proportion in any event.

Sec. Mitchell called attention to the lowness of the minimum wage paid in the Park Service. It was noted that free board and room is frequently added to wages paid, but Sec. McKay promised to have the situation reviewed.

Sec. McKay presented a letter for Presidential signature to give impetus to the program. The President believed the letter should be revised to show that the program was essentially an Interior Department responsibility. He commented that the program probably did not need Presidential impetus but that he would write a brief letter commending the program to Congress.

Federal Employees' Health Insurance (CP-15/1) - Chairman Young pointed out that the health insurance proposal made last year had been too complicated, that a new program had been worked up in CP-15/1, and that further modifications had been made subsequently to remove the provisions concerning underlying basic insurance. He stated that this program was based on the principle of keeping Government practices abreast of those undertaken by private industry. He noted the phenomenal success of the group life insurance plan. He then set forth the program as consisting of amendment of the life insurance plan to provide major medical insurance at no increased cost to the employee, to be financed by an increase of 12-1/2¢ per pay period per thousand dollars of salary, contributed by the Federal Government. This would allow for reimbursement to the employee of 75% of (a) medical expenses over $100, (b) hospital costs over $500, and (c) surgical costs over $250. Provision is made also for helping retired employees to meet

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their major medical expenses. Total cost to the Government would be $32.5 million per year, considerably less than the cost of the program proposed last year.

In discussion the President asked if the levels where insurance payments began were set low enough to assist the lowest salaried employees. Mr. Young replied that these levels did reflect the critical point where outside assistance was needed by low salaried individuals.

Sec. Mitchell believed that some of these provisions went far beyond current industrial practices and would be ill received by many private employers, since they could not keep up with them. Sec. Folsom recalled his Eastman Kodak experience at length and urged approval of this program as a desirable stimulus to private industry. Mr. Summerfield asked about the novelty of the provision concerning retired personnel. Mr. Folsom again emphasized the need. The President commented on the low cost of all these benefits. Sec. Humphrey said that he was not opposed to the program but merely wanted to be certain of knowing any potential opposition. Sec. McKay cited his small business experience as additional proof of the need for this program.

The President directed Chairman Young to check up on current practices in some of the major companies with respect to the one detail concerning retired personnel, and then bring the matter again to the attention of the Cabinet.

Executive Pay Bill - Chairman Young reviewed the action taken last year by Congress and questioned whether the Administration should stand firm on its recommendations or should undertake to correct some of the existing inequities. He stated that the opinion of all he had consulted was that it would be suicidal to attempt correction of inequities this year. He believed the House bill would be acceptable should the Administration bill fail to gain approval.

There was a brief discussion of each of a number of positions lying outside the Executive Pay Act.

Sec. Benson believed failure to correct inequities this year would confirm those inequities. Sec. Humphrey disliked perpetuation of inequities but believed more harm than good would result from attempting to force correction this year. Governor Adams concurred in Chairman Young's statement of opinion and then pointed out the tendency of certain appointees to lobby their own cases before Congress.

The President interpreted the discussion as agreement that the Administration would continue to support its own bill (S-2628) and that an effort would be made to avoid individual lobbying which might kill the entire matter.

Chairman Young suggested the possibility of pressing in 1957 for the

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establishment of a Pay Commission. Gen. Persons cautioned against any mention of it at this time since it would be seized upon as an excuse for doing nothing this year.

The Postmaster General and Sec. Wilson stressed the needs of their departments for allocations of super grades, particularly GS-18s. Mr. Young explained the situation briefly and offered to make a full presentation at a subsequent meeting.

Cabinet Action Status Report (CI-7/3) - Mr. Rabb called attention to this paper and emphasized the importance of departmental follow-up actions to insure that decisions are carried into effect.

Congressional Investigations - Sec. Wilson noted the many pending Congressional inquiries concerning the Defense Department and his need for extra money to prepare answers to questions raised. The President commented on the tremendous growth of demands in recent years for Cabinet members to appear personally on the Hill and his own feeling that much of the testimony could be given by assistant secretaries. Amb. Lodge emphasized the importance of close personal relationships as a means of avoiding embarrassing "summons" to the Hill. Gen. Persons commented on the Congressional search for publicity.

LAM
L. A. Minnich, Jr.

Copies to:
  Mrs. Whitman ✓
  Mr. Rabb
  Mr. Minnich

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The White House

Washington

THE CABINET

Record of Action

The following is the action taken on the items presented at the Cabinet Meeting of January 27, 1956:

1. The National Parks - Mission 66 CP - 43/1

ACTION:

a) The President approved Secretary McKay's recommendation in CP - 43/1 to go ahead immediately with Mission 66 as the basis for an expanded, ten-year development of the National Park Areas.

b) A brief letter to the Congress, underscoring the need for action to rectify the inadequacies of the Park Areas, will be prepared for the President's signature.

c) Secretary McKay will be responsible for presenting and supporting the Mission 66 recommendations to the Congress.

2. Federal Employees' Health Insurance /CP - 15/1 as background/

ACTION:

a) The Cabinet limited its consideration of this subject to the proposed amendment to the Federal Employees' Group Life Insurance Act of 1954 which would provide major medical insurance coverage for present and retiring employees (numbered subparagraphs 1, 2, and 3 of CP - 15/1). With respect to such coverage for employees who retire, the Chairman of the Civil Service Commission will furnish additional information concerning the prevailing and the prospective practice of industry.

b) When this additional information is available, the subject will be submitted for further Cabinet consideration.

3. The Executive Pay Act

ACTION:

a) The President determined that the Executive Branch position on this subject would be to support S-2628.

b) **Emphasis was placed on the importance of having all Executive Branch representations to the Congress support this position.**

4. Action Status Report CI - 7/3

ACTION:

CI - 7/3 was noted by the Cabinet.

ADDITIONAL ITEMS:

A. Super-Grades

ACTION:

The Chairman of the Civil Service Commission will prepare a brief summary presentation of the chief problems involved in this area for Cabinet consideration.

Maxwell M. Rabb
Secretary to the Cabinet

THE WHITE HOUSE
WASHINGTON

January 26, 1956

MEMORANDUM FOR THE PRESIDENT

SUBJECT: Agenda for the Cabinet Meeting of January 27

The following items are scheduled for the Cabinet Agenda of Friday, January 27, 1956, subject to your approval:

1. Our National Parks - Mission 66
(The Secretary of the Interior)

Under the growing American urge to take to the out of doors, the National Parks and Historic Areas have been swamped with visitors. Last year's overcrowding was critical and each year sees it get worse. The whole range of Park facilities and services is far behind the demand -- so much so that the protection of the Parks themselves, not to mention protection and help for the visitors -- is actually endangered. The opposition is finding this situation as another target at which to shoot blasts of "give-away" and "neglect of conservation."

Interior and the Park Service have been working for months on a comprehensive, one-package program for present and long-range development. The name of the program is MISSION 66: to prepare the Parks for the 80,000,000 visitors expected in 1956, the 50th anniversary of the Park Service.

This item will consist of a succinct but graphic presentation by Messrs. McKay, D'Ewart and Park Director Wirth: which will summarize the contents of Secretary McKay's Mission 66 Report to you (under Tab 1). Cabinet Paper 43/1, (also under Tab 1) is a brief of this Report.

Secretary McKay, after consultation and coordination with Budget and the other interested agencies, is asking Cabinet concurrence and your approval to go ahead with the Mission 66 program. If you so approve, a letter has been prepared for your signature (draft under Tab 1) transmitting the Mission 66 Report to the Congress and giving your general commendation of its proposals.

PRESENTATION TIME: 20 Minutes

2. Federal Employees' Health Insurance
(The Chairman, Civil Service Commission)

The Administration proposal for government employees' health insurance, approved by the Cabinet and you last year, did not get to first base on the Hill last session. Chairman Young and his staff have now taken another look at the proposal, have consulted with the several agencies chiefly interested, and have prepared a revised health insurance plan (Cabinet Paper 15/1 Under Tab 2). This revision is being presented for Cabinet review and for your approval, following which legislation will be prepared for submission to this session of the Congress.

PRESENTATION TIME: 15 Minutes

3. Executive Pay Bill
(The Chairman, Civil Service Commission)

It is important at this time to give the Cabinet Department heads a warning against individual Departments' lobbying on the Hill -- bargaining for separate raises for their executives. An over-all Administration position is being developed and coordination needs to be ensured.

PRESENTATION TIME: 5 Minutes

4. Action Status Report

(The Secretary to the Cabinet)

You will remember what you have described as your "soldier's horror of issuing an order and then seeing it evaporate in execution." One of our main tasks as a Cabinet Secretariat is follow-up -- to help ensure that none of your Cabinet decisions get "lost". One of the several techniques of such follow-up is our periodic Action Status Report.

This Status Report which I have prepared -- fourth in its series -- is simply listed on the Agenda for the Cabinet to note -- not as a discussion item. I am prepared to say a few words to call attention to it and point out one or two of its highlights.

PRESENTATION TIME: 3 Minutes

Maxwell M. Rabb

Maxwell M. Rabb
Secretary to the Cabinet

CP - 43

January 11, 1956

The White House

Washington

THE CABINET

Our National Parks - Mission 66

For consideration of the Cabinet, attached is a summary of the legislative recommendations which the Secretary of the Interior is proposing in order to go ahead promptly with Mission 66 - a comprehensive, long-range program to improve the overcrowded facilities in the National Parks.

The specific needs and goals of Mission 66 will be presented to the Cabinet at its coming meeting; the concurrence of the Cabinet and the approval of the President are sought to present this new program to the Congress in the immediate future.

Maxwell M. Rabb
Secretary to the Cabinet

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Our National Parks -- Mission 66
Summary of Legislative Recommendations

1. CONTRACT AUTHORITY TO BUILD:

Roads, Trails, and Parkways: Extend the present authorizations of the Federal Aid Highway Acts, ($12,500,000 for Roads and Trails construction and $11,000,000 for Parkway construction) by $3.5 and $5 million respectively, continuing at the new levels until 1966. This will assure completion of the major portions of the four authorized parkways by 1966.

Buildings, Utilities, Etc.: Provide contractual authorization for constructing buildings, utilities, campgrounds, etc., at a rate of $15,000,000 per year, and on a "package" rather than a piecemeal basis, that will meet the needs of an estimated 80,000,000 visitors in 1966. Also included: authorization to build critically needed employee housing.

2. LOAN GUARANTEES TO SMALL BUSINESS:

For Park Accommodations: Extend present Federal small business loan guarantee authority to concessioners on Federal lands, to ensure provision of essential lodging, meals, and stores services where private capital cannot now be secured.

3. LAND CONSOLIDATION:

Purchase of in-holdings: Provide contractual authorization to permit consolidating under Federal ownership obstructing enclaves within the areas administered by the National Park Service.

4. USE OF PRIVATE ENGINEERING SERVICES:

Employment of Professional and Technical Personnel: Authorize the Secretary to employ, on a temporary or intermittent basis, architects, engineers, and similar personnel, to augment the regular staffs in accomplishing surveys, plans, and specifications for certain projects, when the required personnel is not available within the Federal service.

5. MINOR LEGISLATIVE AMENDMENTS:

Provide contractual authorization for participation in the construction of airports near certain areas of the National Park System where essential to the National Airport Plan. Insure regulation of use of air space over the national parks. Such other legislation (e.g. minor boundary corrections) as is required to accomplish the proper administration, protection, and development of specific areas of the National Park System, in accordance with MISSION 66 objectives, will be introduced as the needs arise.

6. APPROPRIATIONS:

In the years following FY 1957: $209,915,600 in new funds over a ten-year period.

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CP - 43/1

January 25, 1956

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THE CABINET

The National Parks - Mission 66
Summary of the Program

For consideration by the Cabinet, attached is a summary statement of the Department of the Interior's proposed ten-year development program for the National Park System considered essential to meet the demands of the sharply increasing number of visitors. This program is entitled Mission 66; the attached paper is a full summary of its major assumptions and recommendations. Copies of the detailed Report itself are available on request.

The Mission 66 program has been prepared by the Department of the Interior after several months of intensive study. The Bureau of the Budget has been consulted.

The recommendation which the Secretary of the Interior wishes to lay before the President and the Cabinet is: that concurrence and approval be given to going ahead with Mission 66 as the basis for an expanded, ten-year development of the National Park Areas.

Following such approval, it is expected that the Secretary of the Interior will recommend that the President transmit this program to the Congress with a letter expressing his general endorsement.

Maxwell M. Rabb
Secretary to the Cabinet

CABINET PAPER

For Consideration

The National Parks - MISSION 66
Summary of the Program

80,000,000 Visits in 1966.

With population increases, greater leisure, and a continuing expanding economy, the National Park System will be host to some 80,000,000 visitors by 1966, the 50th Anniversary of the establishment of the National Park Service. As guardian of the System, the Service's principal responsibility is to see that this enlarged use is provided for in such a way that there will be no material impairment of the qualities that give distinction to the Park areas.

While much new physical development will be required, physical development is clearly a means to an end. That end is the enjoyment of the unique recreational and inspirational resources of the National Parks by this and future generations.

A major problem -- and a major challenge -- is that of providing what is needed in the right quantity and in the right places; it calls for the most intelligent and far-sighted planning that can be given.

Planning Basis.

MISSION 66 planning proceeded upon the following assumptions about what the future holds with respect to park and recreation requirements:

1. The demand for public parks and for opportunities for outdoor recreation will continue to increase and at a greater rate than the increase in population.

2. With respect to the National Park System, it is anticipated that there will be 80,000,000 visitors a year by 1966.

3. With adequate development in the proper places this increasing use can be accommodated in the National Park System of the future.

4. The private automobile will continue to be, by far, the major means both of reaching and seeing the parks, though air transportation, as a means of reaching the vicinity of the parks from distant points, will increase.

5. Day use, in contrast with that involving overnight stays within the parks, will be both absolutely and proportionately greater than today; improved roads and more accommodations for travelers near the parks will contribute to this change.

6. The trend toward use of the parks during longer periods of the year will continue.

7. The period from mid-June to Labor Day will continue to be the period of heaviest use of the parks, since family use is, and will continue to be, predominant.

Guide-Lines.

MISSION 66 has been developed on the basis of the following guide-lines:

1. Preservation of park resources is a basic requirement underlying all park management.

2. Substantial and appropriate use of the National Parks is the best means by which their basic purpose is realized and is the best guarantee of perpetuating the system.

3. Adequate and appropriate developments are required for public use and appreciation of any area, and for prevention of over-use. Visitor experiences which derive from the significant features of the parks without impairing them determine the nature and scope of developments.

4. An adequate information and interpretive service is essential to worthwhile park experience. The principal purpose of such a program is to help the park visitor enjoy the area, and to obtain appreciation and understanding of it. This leads directly to improved protection through visitor cooperation in caring for park resources.

5. Concession-type services shall be provided only in those areas where required for proper and appropriate park experience, and where those services cannot be furnished satisfactorily in neighboring communities. Exclusive franchises for concessioners' services within a park should be granted only where necessary to insure provision for dependable public service.

6. Large wilderness areas shall be preserved undeveloped except for simple facilities required for access, back-country use and protection and in keeping with the wilderness atmosphere.

7. All persons desiring to enter a park may do so; however, it may be necessary to place a limit on the number of visitors who may enter certain prehistoric and historic ruins and structures because of limitations of space or because only a restricted number may safely pass over or through them at one time. Lodging, dining and camping facilities cannot be guaranteed to every visitor.

8. Operating and public use facilities of both government and concessioners which encroach upon important park features should be eliminated or relocated at sites of lesser importance, either within or outside the park.

9. Needed airports should be located outside park boundaries, and use of aircraft within the areas of the System should be restricted to investigations, protection, rescue, and supply services.

10. Camping is a worthwhile and important visitor use in many parks and every effort should be made to provide facilities for this use.

11. Picnic grounds should be provided in areas where picnicking is an important element in the visitor day-use pattern.

12. Living quarters for government and concessioner employees, when located within a park, shall be concentrated in a planned residential community out of public view.

13. The use of a park for organized events, organized competitive sports, or spectator events which attract abnormal concentrations of visitors and which require facilities, services, and manpower above those needed for normal operations should not be permitted.

Toward Visitor Understanding and Enjoyment.

In the development of facilities, particular stress is placed on those which are required in order that visitors may gain enjoyment from what the areas possess, and not from artificial or unsuitable kinds of activity. Not only does this require a variety of physical facilities for information and interpretation such as visitor centers, campfire circles, museum exhibits, and interpretive markers and exhibits along roads and trails, supplemented by an adequate program of interpretive publications; it requires also a consistent program of research in the natural sciences, history, and archeology related directly to the natural and historic features of the parks; it requires, most importantly, adequate staffing by men and women competent to plan and conduct the wide variety of interpretive activities from which the great majority of park visitors now directly benefit.

The Comprehensive Approach

In the past, the provision of needed buildings and utilities of all kinds has been slow, piecemeal, and consequently costly. Fundamental to success of MISSION 66 is a construction and development program on a scale permitting contracting in large units. For example, the aim is to construct all the employee housing needed in a given park together with the roads, paths, and utilities required, rather than one or two pieces of each at a time -- repeated again and again.

Specifically, what will be needed and what will MISSION 66 provide over its ten-year period?

1. Public Accommodations.

To meet the needs of that portion of 1966's expected 80,000,000 visitors who will require overnight accommodations, shelter will be needed for about 28,000 additional persons, - more than double the present capacity. The ten-year cost will be at least $50,000,000, of which three quarters or more will need to be supplied by private enterprise. Much of the new accommodation needed is expected to be provided outside park boundaries. For those to be supplied inside the parks, it is necessary for the National Park Service first to furnish roads, water lines, power lines, and sewage disposal facilities.

Also, as rapidly as is economically feasible, existing facilities -- both government and concession -- which intrude on unique or superlative park features will be relocated or replaced in more suitable locations, as is now being done in Yellowstone National Park.

2. Roads, Trails and Parkways.

The road problem of the National Park System is primarily one of relocation, reconstruction, and modernization of roads already existing, - many of them now entirely inadequate to modern traffic needs. Of the approximately 2,000 miles of road on which construction work is needed between now and 1966, only about 300 will be added mileage; much of this is needed for relatively new areas which are still deficient in roads.

The Service's guiding principle is that a park, as a rule, shall have enough roads to take the visitor to a fair assortment of interesting places; that these will be supplemented by trails which will permit the visitor to become really acquainted with the area; and that the Service will continue to encourage increasing use of the trails and increasing acquaintance with the "back country" of all the great natural areas.

The program envisions construction or reconstruction of about 1,500 miles of trail, in which considerable stress will be laid on the development of loop trails of varying length. The ten-year cost of the road and trail program is placed at $156,500,000.

The parkway program for the 10-year period contemplates completion of the Colonial Parkway, Colonial National Historical Park, by 1957; completion of all but minor portions of the Blue Ridge, Natchez Trace, Foothills, and George Washington Memorial Parkways. It contemplates also the transfer of the Maryland portions of the Suitland and Baltimore-Washington Parkways to the State of Maryland.

3. Visitor Information and Interpretive Facilities

The program proposes the construction of more than 100 visitor centers, varying in size and content with the requirements of individual areas; construction of additional campfire circles and outdoor amphitheaters; replacement of outmoded and shopworn museum exhibits and other interpretive displays; and provision of such facilities for areas where they are now inadequate or lacking. The construction and placement of interpretive markers and displays along new or reconstructed roads and trails is now to be an integral part of road and trail construction; park roads and trails cannot be considered complete without them.

4. Campgrounds.

The present approximately 12,000 campsites in the National Park System will need to be increased by about 13,000 by 1966.

5. Utilities

The Service proposes to avail itself increasingly of commercial power, water supply, communications and other utility services where that will mean greater economy or improved service or both. However, over ten years, some $20,000,000 will be needed for additional water supplies, and $5,000,000 for additional electrical generating capacity. Adequate and safe sanitation will require construction of about 300 additional sewerage systems, large and small.

6. Operational and Protection Facilities.

The MISSION 66 program proposes the construction of a great variety of structures and facilities required for effective management and protection of the areas of the National Park System. These range all the way from shops, equipment storage structures, ranger stations, entrance stations, and administration buildings, to fire towers and fencing.

7. Management, Maintenance and Protection

A fundamental responsibility of the Service is protection both of the resources entrusted to its care and the millions of people who use them. The MISSION 66 program calls for adequate manpower and equipment to meet this task, - an enormous one, as is also the task of maintaining roads, trails, and facilities of many kinds.

The Service must maintain 6,800 miles of roads and 8,100 miles of trails; 1,800 miles of roads require snow removal each winter. Other installations, representing a capital investment of about one-third of a billion dollars, include 6,800 buildings, with some 32½ million feet of floor space; thousands of monuments and markers and thousands of directional and interpretive signs; invaluable artifacts, books, paintings, house furnishings, etc. The paintings, furniture and other articles at Independence Hall alone represent a value of more than $1,000,000; some are priceless.

To an increasing extent, the Service expect to contract for maintenance where that is feasible and economical.

8. Quarters for Employees.

MISSION 66 proposes that employees of field areas, both permanent and temporary, shall be decently housed. It calls for the construction of new quarters for 1,000 families in a 5-year rather than a 10-year period to meet present needs and expected modest increases in park staffs. Many of these will replace sub-standard, shoddy, or inadequate quarters now occupied by Service families. Included in the program also are 400 housing units for seasonal employees.

9. Land Consolidation

Of the 750,000 acres of non-federal land in the National Park System, those which mar the scenery or obstruct development and use should be acquired. Annual appropriations of $1,000,000 plus half that amount in matching donations will acquire the most critical properties totaling 365,000 acres.

10. A National Recreation Plan and a National Park Plan.

MISSION 66 will accelerate development of the nation-wide recreation plan. This plan is aimed at the ultimate establishment of systems of recreational areas and facilities for which each level of government, - Federal, State, and local - will bear its proper share. Authorization for this undertaking is found in the Park, Parkway and Recreation Area Study Act of 1936. It is a prime example of Federal partnership with States, counties and towns in meeting overall American recreational needs. A report on such a national recreation plan should be completed by 1961 and kept current thereafter.

Part of the National Recreation Plan looks to the orderly achievement of a well rounded national park system to include types of scenic, scientific, and historic areas now missing from the system or inadequately represented in it. This involves boundary and scientific studies of areas now in the system, and of areas which may be considered for future status.

11. The Wilderness.

In every major national park and in many national monuments, all but a small percentage of the total area can be classed as wilderness. Not only is experience in the wilderness among the finest that the national parks can offer; these extensive areas which have been little affected by man constitute one of the most valuable scientific resources that Americans possess. MISSION 66 proposes to leave these wilderness areas alone, so far as their adequate protection will permit. Some "back country" areas of the parks have become so popular that their proper protection is becoming a serious problem; this points particularly to the need of providing sanitation facilities and safe water supplies at points in the back country where the volume of public use requires it.

12. Funds.

The total of the estimated annual requests for funds necessary to carry out MISSION 66 for the full ten year period will only be in the magnitude of $154,315,000 more than would be available over this same period at the present 1957 rate of appropriations.

13. Legislation.

Except for minor legislation, the need for which may develop as MISSION 66 goes forward, most of this vital program can be accomplished under existing authority. Legislation which is found to be needed will be submitted through the normal Executive Branch clearance process and transmitted to the Congress for consideration.

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MR. PRESIDENT AND MEMBERS OF THE CABINET:

This morning I wish to bring to your attention an emergency. This emergency involves the plight of our national recreational resources - and especially of our National Parks.

From your many hours in the out of doors, particularly in Rocky Mountain National Park, Mr. President, you know the enjoyment, the refreshment and the inspiration that come from recreation in unspoiled open spaces. Today, increasing millions of Americans feel the same urge to get out into the National Parks, and under this Administration they have the money and the leisure time to do so.

Just 10 years ago, 20,000,000 people visited the Parks

this past year: 50,000,000

ten years from now: we expect 80,000,000

Gentlemen, the most intimate and pleasant contact ~~our~~ Federal Government ~~has with~~ these millions of Americans Gov with is in the National Parks. Is the impression they get to reflect credit on us, or is it going to embarrass this Administration?

The answer is that our faces are already red.

Our Park system, equipped to handle 25,000,000 visitors, is swamped with 50,000,000. What ought to be a great national asset is in danger of becoming a political liability. The multitude of magazine articles, editorials, letters and Congressional criticism is testimony to this.

Happily though, we can translate this very emergency into an opportunity for a clear demonstration of this Administration's interest in recreation and in conservation. To do this successfully will require Cabinet-wide support, because so many of those here are affected.

Secretary Benson: you face this problem in the national forest and wilderness areas.

Secretary Folsom: the recreational and historical resources of the Park Areas greatly contribute to national health and to American education.

Mr. Attorney General: good recreational facilities will help prevent juvenile delinquency.

Secretary Mitchell: you are concerned with providing rewarding outlets for the working man's increased leisure time.

Secretary Weeks: you help build the roads to and through the Parks, and you are well aware that vacation travel supports a myriad of big and small businesses.

Secretary Dulles: I have been most impressed at the number of foreign officials who come to study our National Parks as models and as resources for strengthening democracy.

Secretary Wilson: you are concerned with the physical fitness of American youth and with every influence that strengthens their morals and their patriotism.

Secretary Humphrey: your concern with this problem is obvious, and

Mr. Hughes: we will be working intimately with you at every stage of this expanded undertaking.

The problems of the Parks and recreational facilities cannot and should not be tackled piecemeal.

We have, to present to you, a simple and inexpensive 10-year program in one package wherein we have assembled the facts, the needs and the costs of providing adequate recreational facilities over the next ten years.

In this undertaking, the Federal Government must have as partners the States, counties and cities: our program will specifically assist them to expand State and local recreational facilities.

We call this 10-year program MISSION 66. We want to be able to tell the country now that by 1966, at the end of the Park Service's first fifty years, America will have a National Park system ready to provide 80 million citizens with the kind of healthful, inspiring recreation they deserve.

Let us remember, these 80,000,000 are "the little people" - from every corner of our land. MISSION 66 is a grass roots program - which will make many friends, but no enemies -- a very rare kind of opportunity.

I will ask the Director of the National Park Service-- Connie Wirth--to present MISSION 66 to you in broad terms. Then I shall ask Assistant Secretary D'Ewart to draw on his long experience with national park problems in the Congress and discuss with you the practical aspects of getting this program under way in the present session of Congress. What we ask of the Cabinet and you, Mr. President, this morning is a green light to go ahead with this modest, 10-year program.

Mr. Wirth

MISSION 66
SPECIAL PRESENTATION

1 Mr. President and Members of the Cabinet: thank you for giving us this opportunity to report on the National Parks, and to discuss plans for their future.

2 As you know, these are the areas where the Nation preserves its irreplaceable treasures in lands, scenery -

3 and its historic sites - to be used for the benefit and enjoyment of the people,

4 and passed on unimpaired to future generations. The areas of the National Park System are among the most important vacation lands of the American people.

5 Today, people flock to the parks in such numbers that it is increasingly difficult for them to get the benefits which parks ought to provide, or for us to preserve these benefits for Americans of tomorrow.

6 This is why the Department of the Interior and the National Park Service have surveyed the parks and their problems, and propose to embark upon MISSION 66 - a program designed to place the national

parks in condition to serve America and Americans, today and in the future.

National Parks are an American idea -
7 Yellowstone became the first national park in the
world when it was established during the
administration of President U. S. Grant.
8 Other parks, monuments, and historic sites have been
added - each located for you on this map - until
today there are 181 areas, widely scattered
throughout the States and Territories.

10 The national parks have become a real part of the American way of life, as attested by the phenomenal increase in their popularity.

But the intangible benefits of refreshment, understanding, and inspiration are not the only dividends. The national parks contribute substantially to the economic life of the Nation.

11 With working hours going down and leisure time going up, vacation travel and vacation spending are,

12 in fact, among the three biggest industries in the States pictured on this map. National park travel -

13 as Estes Park Village - Gateway to Rocky Mountain National Park - suggests - benefits innumerable large and small enterprises throughout the Nation.

14 The more the parks are used for their inherent, cultural, and recreational values, the more they contribute to the economy of the Nation.

15 Here is one resource that earns its greatest human and economic profits the less it is used up.

16 The problem of today is simply that the parks are being loved to death. They are neither equipped nor staffed to protect their irreplaceable resources, nor to take care of their increasing millions of visitors.

17 Here is the attendance picture - 358 thousand visitors in 1916 - 21 million in 1941 - 50 million last year - and by 1966, the parks will have at least 80 million visitors.

18 Are all of these 50 million people finding, as this family group is, the unspoiled refreshment they seek and deserve? Judge for yourself, as we now see some movies made in the parks last June.

MOTION PICTURES OF SUMMER 1955

19 What we have just seen is a plant operating at 200% capacity. How long would a business concern continue to operate its plant at a 100% overload? If it is to
20 stay in business long, it must plan and develop for the demand ahead.

21 As in the case of this Visitor Use building in Everglades National Park, in Florida, we must design to meet the needs of today and tomorrow. That is exactly what MISSION 66 will do. Fortunately, the problems of today can be solved without undue difficulty, without

prolonged disruption of public use, and at surprisingly low cost, if handled on a long-range, one-package basis. By a one-package program I mean simply bringing each part of the program along together, so that when we build a road,

22 the lodges, campgrounds, public use buildings, utility systems and the other things the road leads to will be ready for use at the same time,
23 and, so that the parks will be staffed to meet their responsibilities to the visitor.

Now, specifically, what are the needs today, and how will MISSION 66 meet these needs? There is no point cataloguing every project, but let me give you enough examples to give you the broad picture of the things which MISSION 66 will accomplish:

The most obvious is: modern accommodations
24 so that the park visitor can be assured - as this couple was not - of a comfortable place to stay.
25 Much of what we have is out-worn and out-moded, and will be replaced as we double total capacity.

26 We will encourage private business to build more accommodations in the gateway communities near the parks.

27 Within the parks, we shall encourage greater participation by private enterprise, as illustrated by the new Jackson Lake Lodge in the Tetons. This encouragement will take two forms:

Loan guarantees, such as now given to other enterprises through the Small Business Administration, should be extended to some of the smaller concessioners.

28 But, the best encouragement the National
Park Service can give is to go forward with its own
part of the park development. For example, the
Yellowstone Park Company is now ready to build
12 million dollars worth of new accommodations,
29 but must wait until the Government installs utilities
at a cost of 4½ million dollars. We have to do our
part before the park concessioners can go ahead.

30 Not all park visitors sleep under a roof. Americans heading for the wide-open spaces are justifiably frustrated when they find themselves

intruded upon by the very crowds they intended to leave behind. Campground capacity will be doubled,
31 so that this will be the typical camping picture.
Picnic areas will be expanded.
32 But places to eat and to sleep comprise only a part of what it takes to run a park - many of the other necessary facilities are pitifully inadequate.
33 Public use buildings, ranger stations, fire lookouts, and repair and storage buildings, and other facilities necessary for a complete park operation will be provided.

34 Many of our employees live in shacks - eyesores that shame the Government, mar the scenery, and sap employee morale.

35 Adequate employee housing will be supplied - its upkeep and replacement paid back through rentals.
36 Narrow and dangerous roads must be modernized for safety,
37 and to improve the flow of traffic; trails improved,
38 and the presently authorized National Parkways - essentially completed.

MISSION 66 will give us an adequate staff,

39 to protect the parks against forest fire and other dangers,

40 to maintain the roads and building, operate the utility systems,

41 and to serve the visiting public. This is a very important need,

42 for while park attendance has increased from 21 million in 1941 to 50 million today, our field staff has actually decreased in terms of man-years of employment.

43 Today some parks are checkerboarded with unsightly private inholdings - land parcels standing in the way of planned development and use. These should be acquired.

44 Right along with our own improvement, one of our major goals is the parallel development of County and State parks, Wildlife Refuges, Indian Reservations, National and State Forests, Public lands and Recreation Areas, so that each level of Government and private enterprise, will share its appropriate part of the expanding recreational use load.

45 These are the pressing needs today - the things MISSION 66 will accomplish - so that the American people can enjoy, in the best sense, their national parks.

46 To put the National Parks in shape is an investment in the physical, mental, and spiritual well-being of Americans as individuals.

47 It is a gainful investment contributing substantially to the national economy, as I have mentioned.

48 It is an investment in ~~something as simple and yet as profound as~~ good citizenship ~~- love of country, and love of the natural and historic fabrics of America.~~

49 Where else do so many Americans under the most pleasant circumstances come face to face with their Government?

50 Where else but on historic ground can they better renew the idealism that prompted the patriots to their deeds of valor?

51 Where else but in the great out-of-doors as God made it can we better recapture the spirit and something of the qualities of the pioneers?

52 Pride in their Government, love of the land,
53 and faith in the American Tradition - these are the
real products of our national parks.

54 ~~To insure these values to the American people is more than an obligation - it is a national necessity. It is worth all that we need to spend.~~

(LIGHTS ON)

And here, gentlemen, are the costs outlined on this chart. As it now stands, the authorized budget for the National Park System for Fiscal Year 1957 totals 62 million, 888 thousand dollars. If we continue to operate at the present scale, the national parks will cost 628 million, 880 thousand dollars over the next ten year period - represented on this chart by the area in green.

The yellow represents what MISSION 66 adds to present costs - 154 million, 315 thousand, 6 hundred dollars in ten years - the entire one-package 10 year program.

In total new money, gentlemen, MISSION 66 represents a 10 year investment of less than 1/4 the cost of the Grand Coulee Dam. It seems a small amount to devote to the preservation of this national heritage for the use of the people. This is a program pared down to the essentials, and to the essentials only.

If adequately financed, most of the MISSION 66 - starting this year - can be carried out under present authority.

As the program goes forward, additional legislation may be needed. This will be submitted for normal clearance through the Bureau of the Budget, as the need arises.

Mission 66 Presentation
Wesley A. D'Ewart
January 1956

Mr. President, Members of the Cabinet: As a former member of Congress and presently Assistant Secretary of the Interior, there are two additional points, that I think should be emphasized.

First, this is a program that members of Congress will like and second, it is good politics. Every state has a National Park or a National Monument, and most of them a historic shrine. That means there is something in Mission 66 for almost every member of Congress. It will help him with his constituents, of whom 50 million will visit these areas next summer.

If they have to wait in long lines to be checked into the parks, experience delay because of road congestion, or lack of facilities, and then have to sleep in their cars overnight, they are going to be most unhappy and their Member of Congress will hear about it. And it will be charged against our administration.

This project will have Congressional backing. In the Congressional Record of January 5, following the reading of the State of the Union Message, Congressman Bennett of Florida says:

> "A program known as Mission 66 has resulted from that study. When it is submitted to the Congress it will certainly meet with wide acceptance throughout the entire country. I am glad to lend my full support to this program."

Clair Engle, of California, said:

> "As chairman of the Interior and Insular Affairs Committee of the House of Representatives, I am going to push so that this program will be submitted to us at the earliest possible date."

and to quote Bill Hill of Colorado:

> "Mr. Speaker, the recognition by the President, in his message to Congress, of the needs of our national parks, and indications that something will be done to overcome present inadequate conditions is most gratifying to me. * * * I shall lend my full support to it."

Mission 66 is a practical, forward-looking, conservation measure that will provide this administration with a long-needed answer to the problem of how to meet the challenge of mounting use pressures on our park, historic and recreational areas. It gives us a powerful weapon with which to fight these false but damaging charges of "giveaway". With all the interest in conservation, not to use such a weapon when we have it at hand, would be failing to take advantage of a potent political resource.

Mission 66 is a program in the very best tradition of Teddy Roosevelt. It is sound, salable, economical, and a good political horse to ride. It can be a lasting credit to this administration, to the Department of the Interior, and to the National Park Service.

Through it our party can guarantee that heritage of all Americans -- the opportunity to enjoy the great out-of-doors and the historic shrines of our nation under the most favorable conditions.

Here is an opportunity to assure from 50 to 80 million Americans that the Republican Party recognizes the problems of increased use of our national parks and that we are going to do something about it. Mission 66 will pay good political dividends.

FUNDS REQUIRED - MISSION 66

Fiscal Year	Management, Protection Interpretation Maintenance & Operation	Construction Roads, Trails Parkways, Buildings and Utilities	TOTAL
1957	$ 22,888,000	$ 40,000,000	$ 62,888,000
1958	25,704,500	48,090,000	73,794,500
1959	28,193,600	48,090,000	76,283,600
1960	30,201,700	48,090,000	78,291,700
1961	31,543,100	48,090,000	79,633,100
1962	32,738,600	48,090,000	80,828,600
1963	33,820,800	48,090,000	81,910,800
1964	34,633,100	48,090,000	82,723,100
1965	35,172,200	48,090,000	83,262,200
1966	35,490,000	48,090,000	83,580,000
TOTAL	$ 310,385,600	$472,810,000	$ 783,195,600

CABINET PAPER—PRIVILEGED CP - 43/1
Property of the White House—For Authorized Persons Only January 27, 1956

The White House
Washington

THE CABINET

The National Parks - Mission 66

The attached approved paper is circulated for action by the Department of the Interior and for the information of the Cabinet.

The recommendation by the Secretary of the Interior to proceed promptly with the program outlined in this paper was approved by the President at the Cabinet meeting of January 27, 1956 (RA - 43, Item 1).

A letter is being prepared for the signature of the President (RA - 43, Item 1-b); following signature, the Mission 66 Report will be transmitted to the Congress by the Secretary of the Interior and made public.

Maxwell M. Rabb
Secretary to the Cabinet

The National Parks - MISSION 66
Summary of the Program

80,000,000 Visits in 1966.

With population increases, greater leisure, and a continuing expanding economy, the National Park System will be host to some 80,000,000 visitors by 1966, the 50th Anniversary of the establishment of the National Park Service. As guardian of the System, the Service's principal responsibility is to see that this enlarged use is provided for in such a way that there will be no material impairment of the qualities that give distinction to the Park areas.

While much new physical development will be required, physical development is clearly a means to an end. That end is the enjoyment of the unique recreational and inspirational resources of the National Parks by this and future generations.

A major problem -- and a major challenge -- is that of providing what is needed in the right quantity and in the right places; it calls for the most intelligent and far-sighted planning that can be given.

Planning Basis.

MISSION 66 planning proceeded upon the following assumptions about what the future holds with respect to park and recreation requirements:

1. The demand for public parks and for opportunities for outdoor recreation will continue to increase and at a greater rate than the increase in population.

2. With respect to the National Park System, it is anticipated that there will be 80,000,000 visitors a year by 1966.

3. With adequate development in the proper places this increasing use can be accommodated in the National Park System of the future.

4. The private automobile will continue to be, by far, the major means both of reaching and seeing the parks, though air transportation, as a means of reaching the vicinity of the parks from distant points, will increase.

5. Day use, in contrast with that involving overnight stays within the parks, will be both absolutely and proportionately greater than today; improved roads and more accommodations for travelers near the parks will contribute to this change.

6. The trend toward use of the parks during longer periods of the year will continue.

7. The period from mid-June to Labor Day will continue to be the period of heaviest use of the parks, since family use is, and will continue to be, predominant.

Guide-Lines.

MISSION 66 has been developed on the basis of the following guide-lines:

1. Preservation of park resources is a basic requirement underlying all park management.

2. Substantial and appropriate use of the National Parks is the best means by which their basic purpose is realized and is the best guarantee of perpetuating the system.

3. Adequate and appropriate developments are required for public use and appreciation of any area, and for prevention of over-use. Visitor experiences which derive from the significant features of the parks without impairing them determine the nature and scope of developments.

4. An adequate information and interpretive service is essential to worthwhile park experience. The principal purpose of such a program is to help the park visitor enjoy the area, and to obtain appreciation and understanding of it. This leads directly to improved protection through visitor cooperation in caring for park resources.

5. Concession-type services shall be provided only in those areas where required for proper and appropriate park experience, and where those services cannot be furnished satisfactorily in neighboring communities. Exclusive franchises for concessioners' services within a park should be granted only where necessary to insure provision for dependable public service.

6. Large wilderness areas shall be preserved undeveloped except for simple facilities required for access, back-country use and protection and in keeping with the wilderness atmosphere.

7. All persons desiring to enter a park may do so; however, it may be necessary to place a limit on the number of visitors who may enter certain prehistoric and historic ruins and structures because of limitations of space or because only a restricted number may safely pass over or through them at one time. Lodging, dining and camping facilities cannot be guaranteed to every visitor.

8. Operating and public use facilities of both government and concessioners which encroach upon important park features should be eliminated or relocated at sites of lesser importance, either within or outside the park.

9. Needed airports should be located outside park boundaries, and use of aircraft within the areas of the System should be restricted to investigations, protection, rescue, and supply services.

10. Camping is a worthwhile and important visitor use in many parks and every effort should be made to provide facilities for this use.

11. Picnic grounds should be provided in areas where picnicking is an important element in the visitor day-use pattern.

12. Living quarters for government and concessioner employees, when located within a park, shall be concentrated in a planned residential community out of public view.

13. The use of a park for organized events, organized competitive sports, or spectator events which attract abnormal concentrations of visitors and which require facilities, services, and manpower above those needed for normal operations should not be permitted.

Toward Visitor Understanding and Enjoyment.

In the development of facilities, particular stress is placed on those which are required in order that visitors may gain enjoyment from what the areas possess, and not from artificial or unsuitable kinds of activity. Not only does this require a variety of physical facilities for information and interpretation such as visitor centers, campfire circles, museum exhibits, and interpretive markers and exhibits along roads and trails, supplemented by an adequate program of interpretive publications; it requires also a consistent program of research in the natural sciences, history, and archeology related directly to the natural and historic features of the parks; it requires, most importantly, adequate staffing by men and women competent to plan and conduct the wide variety of interpretive activities from which the great majority of park visitors now directly benefit.

The Comprehensive Approach

In the past, the provision of needed buildings and utilities of all kinds has been slow, piecemeal, and consequently costly. Fundamental to success of MISSION 66 is a construction and development program on a scale permitting contracting in large units. For example, the aim is to construct all the employee housing needed in a given park together with the roads, paths, and utilities required, rather than one or two pieces of each at a time -- repeated again and again.

Specifically, what will be needed and what will MISSION 66 provide over its ten-year period?

1. Public Accommodations.

To meet the needs of that portion of 1966's expected 80,000,000 visitors who will require overnight accommodations, shelter will be needed for about 28,000 additional persons, - more than double the present capacity. The ten-year cost will be at least $50,000,000, of which three quarters or more will need to be supplied by private enterprise. Much of the new accommodation needed is expected to be provided outside park boundaries. For those to be supplied inside the parks, it is necessary for the National Park Service first to furnish roads, water lines, power lines, and sewage disposal facilities.

Also, as rapidly as is economically feasible, existing facilities -- both government and concession -- which intrude on unique or superlative park features will be relocated or replaced in more suitable locations, as is now being done in Yellowstone National Park.

2. Roads, Trails and Parkways.

The road problem of the National Park System is primarily one of relocation, reconstruction, and modernization of roads already existing, - many of them now entirely inadequate to modern traffic needs. Of the approximately 2,000 miles of road on which construction work is needed between now and 1966, only about 300 will be added mileage; much of this is needed for relatively new areas which are still deficient in roads.

The Service's guiding principle is that a park, as a rule, shall have enough roads to take the visitor to a fair assortment of interesting places; that these will be supplemented by trails which will permit the visitor to become really acquainted with the area; and that the Service will continue to encourage increasing use of the trails and increasing acquaintance with the "back country" of all the great natural areas.

The program envisions construction or reconstruction of about 1,500 miles of trail, in which considerable stress will be laid on the development of loop trails of varying length. The ten-year cost of the road and trail program is placed at $156,500,000.

The parkway program for the 10-year period contemplates completion of the Colonial Parkway, Colonial National Historical Park, by 1957; completion of all but minor portions of the Blue Ridge, Natchez Trace, Foothills, and George Washington Memorial Parkways. It contemplates also the transfer of the Maryland portions of the Suitland and Baltimore-Washington Parkways to the State of Maryland.

3. Visitor Information and Interpretive Facilities

The program proposes the construction of more than 100 visitor centers, varying in size and content with the requirements of individual areas; construction of additional campfire circles and outdoor amphitheaters; replacement of outmoded and shopworn museum exhibits and other interpretive displays; and provision of such facilities for areas where they are now inadequate or lacking. The construction and placement of interpretive markers and displays along new or reconstructed roads and trails is now to be an integral part of road and trail construction; park roads and trails cannot be considered complete without them.

4. Campgrounds.

The present approximately 12,000 campsites in the National Park System will need to be increased by about 13,000 by 1966.

5. Utilities

The Service proposes to avail itself increasingly of commercial power, water supply, communications and other utility services where that will mean greater economy or improved service or both. However, over ten years, some $20,000,000 will be needed for additional water supplies, and $5,000,000 for additional electrical generating capacity. Adequate and safe sanitation will require construction of about 300 additional sewerage systems, large and small.

6. Operational and Protection Facilities.

The MISSION 66 program proposes the construction of a great variety of structures and facilities required for effective management and protection of the areas of the National Park System. These range all the way from shops, equipment storage structures, ranger stations, entrance stations, administration buildings, to fire towers and fencing.

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CP - 15/1
January 25, 1956

The White House
Washington

THE CABINET

Federal Employees' Health Insurance

For consideration by the Cabinet, attached is a paper prepared by the Chairman of the Civil Service Commission.

This paper represents a revision of the Health Insurance proposal considered and approved at Cabinet last year (CP - 15, cf. RA - 8, January 10, 1955, Item 5).

The attached paper has been reviewed by the Members of the Government Salaries and Benefits Subcommittee of the Cabinet.

Maxwell M. Rabb
Secretary to the Cabinet

CABINET PAPER
For Consideration

THE CABINET

Federal Employees' Health Insurance

Problem: To provide contributory health insurance for Federal employees comparable to that provided by private industry.

Discussion: S. 2425 (also H.R. 7241) as introduced last year at the request of the Administration, was designed to provide health insurance comparable to that available in private industry. Subsequent developments have shown that this legislation is not the answer to the problem because (1) it places emphasis on sharing of the cost rather than on acquiring the most urgently needed type of protection, (2) it would be difficult and complex to administer, and (3) it has failed to achieve employee organization support. A new approach, similar in its objectives but different in emphasis and content, will furnish better health insurance protection to all employees. It will be much simpler to administer, and we have assurance that it will gain the enthusiastic support of employee organizations.

In the development of this proposal two important health insurance needs of Federal employees have been considered: (1) protection against normal hospital and surgical expenses and (2) protection against the heavy cost of prolonged or severe illness. Insurance required to meet the first need is available at the local level and many Government employees already have it.

Insurance required to meet the second need is not now available to Government employees. It is the type of insurance which can be provided economically only on a group basis. It can be purchased by the Government on a low-cost basis similar to the purchase of the group life insurance.

The new approach is (1) to provide protection against the heavy cost of prolonged or severe illness through major medical expense insurance and (2) to encourage employees, especially those in the lower-income brackets, to get and keep adequate basic health insurance. A recent sample survey of Federal employees shows 31 per cent of married men earning less than $5,000 per year without any basic health insurance protection.

The major medical insurance would provide, for employees and their dependents:

1. Reimbursement for 75 per cent of yearly expenses in excess of $100 (up to $200 for higher-paid employees) for medical costs not usually covered by basic hospital and surgical insurance;

2. Reimbursement for 75 per cent of yearly hospital costs over $500 and 75 per cent of yearly surgical fees over $250. A substantial part or all of the first $500 of hospital and $250 of surgical costs will normally be covered by basic health insurance; and

3. Reimbursement to future retired employees and their dependents for 75 per cent of yearly hospital, surgical, and other medical costs over $200 (except for hospital room and board costs, which would be reimbursable by drawing against the employee's group life insurance).

The maximum major medical benefit for active employees would be $5,000 per individual, with liberal reinstatement privileges. For retired employees the maximum benefit would be $5,000 per family group without privilege of reinstatement.

The total yearly cost of this program would be approximately $165,000,000 with the employees paying $110,000,000 and the Government paying $55,000,000. This 2/3 - 1/3 ratio and Government cost of $55,000,000 is the same as in S. 2425.

The basic health insurance would be obtained through payroll deductions primarily for community non-profit group type plans. The major medical expense insurance would be provided by amendment to the Group Life Insurance Act.

The Government's contribution to the basic health insurance, totaling $22,500,000 of the $55,000,000, would be at the rate of 60 cents bi-weekly for employees with dependents and 25 cents bi-weekly for those without dependents. The remainder of $32,500,000 would be the Government's increased contribution to the Group Life Insurance Act to support the major medical expense program.

Recommendation: That the Cabinet approve the Civil Service Commission's health insurance proposal and no longer support S. 2425.

Implementation: Legislation would be drafted and introduced in the immediate future.

Mr. President

Remarks on the Action Status Report

i'd like to discuss briefly (CI - 7/3 - Item 4)

~~This paper~~ The Action Status Report - under Tab 4 - has been placed on the Agenda simply in order to call your attention to it. In the business of Cabinet Staff Work, we feel that continuing follow-up is just as important as agendas and papers...... (1)

This Action Status Report is the fourth one we have produced; it covers the decisions of the seventeen Cabinet meetings during the late summer and fall, and also goes back to refer to action assignments pending from the previous reporting period. This Report is intended simply as a periodic checklist to assist the President, the Cabinet Members, and Governor Adams to keep track of what is happening on the requests the President and the Cabinet have made. (2)

A very rough box score so far shows that the Cabinet, since October of 1954 has dealt with 300 separate questions, 245 of which resulted in action. Of these action items, 158 are completed; 44 are being followed up at subordinate levels, and 36 are continuing assignments for Cabinet level attention. Only a half-dozen have involved what might be termed undue delay. (3) ~~In this Action Status Report, however, we don't actually try to pin an adjective like 'completed', or 'continuing' or 'incomplete' before each item being reported. The business of government is always continuing and the use of arbitrary classifications will only be confusing. The fact that the Cabinet Secretariat is frequently inquiring about and following up orally on the actions recorded, as well as drawing up this Report periodically, is more significant than box scores or arbitrary adjectives.~~ X

The assignments are grouped by Departments for easier reference. The 15 items in Section 'Q', however, on pages 11 through 13, concern all the Cabinet Departments, and should be checked in each Agency. (4)

The Special Assistants for Cabinet Coordination, have helped us prepare this Report. It should be mentioned that any "Status Report" is soon overtaken by current developments. That is, of course, true in this case; there is no substitute for the daily process of following up, and some of the items listed in the current report are undoubtedly changed even by now. (5)

We welcome any comments or corrections and hope to make our follow-up system as watertight as possible. Our goal is to help guarantee that the President will nevermore experience what he recently called that "soldier's horror of issuing an order and then seeing it evaporate in execution."

~~CONFIDENTIAL~~

DETERMINED TO BE AN
ADMINISTRATIVE MARKING
E.O. 11652, Section 1
By GHC NLE, Date 3-17-77

MINUTES OF CABINET MEETING

February 7, 1956
2:30 P.M. 4:15 P. M.

The following were present:

President Eisenhower

Vice President Nixon
Sec. Dulles (in part)
Sec. Humphrey
Deputy Sec. Robertson
  (for Sec. Wilson)
Deputy Atty Gen Rogers
  (for Mr. Brownell)
Deputy PMG Stans
  (for Mr. Summerfield)
Sec. McKay
Sec. Benson
Under Sec. Williams
  (for Sec. Weeks)
Sec. Mitchell
Sec. Folsom

Director Hughes
Dr. Flemming
Chrm. Young
Gov. Stassen
Dr. Burns

Asst. Sec. of State
  Thruston Morton (in part)
Asst. Sec. of HEW
  Roswell Perkins (in part)
Mr. Joseph Winslow, CSC
  (in part)

Gov. Adams
Gen. Persons
Mr. Anderson
Mr. Hagerty (in part)
Mr. Shanley
Mr. Morgan
Dr. Hauge (in part)
Mr. Harlow
Mr. Martin (in part)
Mr. Murray Snyder
Col. Goodpaster
Mr. Rabb
Mr. Patterson
Mr. Minnich

Eden Conversations - At the request of the President, Sec. Dulles made a brief report on the conferences with Sir Anthony Eden and staff. Mr. Dulles was most impressed with the large area of agreement between the two countries and Mr. Eden's final statement that never before had US - UK relations been so close.

The Declaration of Washington was the more gratifying because the idea had originated with the British and there was particular significance to all of Europe in Mr. Eden's signature because he formerly had been regarded as a cautious diplomat, more inclined to consider expediency and thus standing somewhere between the USSR and the United States.

In regard to trade with China, Mr. Dulles asserted that prior to the

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visit the British had been persuaded to forego their unilateral reduction of the restricted list and that in the conferences the British had made major changes in their approach, whereas the United States' changes had been slight. Mr. Dulles said that whatever changes in the list may result from negotiations through customary channels will be very modest and the China list will remain substantially higher than the list applicable to Russia.

Mr. Dulles also noted the decision that had been reached on sitting down with the British and the French to canvass the situation in the Near East and survey the possible actions available for carrying out the 1950 Tripartite Declaration.

The President commented on the thoroughly frank manner in which the discussions with the British could be carried on and their ability to appreciate the American public opinion, constitutional problems, etc. Mr. Dulles remarked on how clearly the President had set forth the US position with regard to admission of Communist China into the United Nations.

Red Cross Campaign - Sec. McKay, Chairman of the Government Unit of the Red Cross Campaign, urged Cabinet members to give their full support and to encourage their departmental assistants to do so also. He stressed the increased disaster assistance of the past year as making necessary a 10% increase in the quota.

Fund-Raising Drives (CP-47) - Chairman Young introduced this as a very complex problem familiar to many through previous Cabinet discussion. He stated that the Attorney General had requested Cabinet discussion at this time, that he (Young) needed further policy guidance, and that Government agencies would soon have to decide on their relationship to the proposed District of Columbia United Giving Fund.

The President interrupted to state his feeling that the Governmental approach ought be based almost exclusively on what is feasible and convenient to the Government, since Federal employees were not by any means in the same situation as industrial workers, retail employees, etc. Chairman Young stated agreement, then went on to summarize the major factors in the Cabinet paper.

In discussion, Sec. Humphrey asked about the specific meaning of the point concerning one annual solicitation. Mr. Young thought perhaps agreement might be reached on a single period of one month's duration, even though individual charitable organizations would continue to have their separate "months" for educating the public but not for soliciting Government employees.

The President stated his concurrence in the three-fold division of types of organizations but thought it might be desirable to have a

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E.O. 11652, Section 1
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separate solicitation for each type. Mr. Young said he would discuss this with the organizations concerned, and the President immediately repeated his earlier observation of approaching this on the basis of Government requirements.

In further discussion of details, Chairman Young made clear that the individual donor would specify how his contribution would be used, there would be a minimum of governmental paper work, no quotas would be set, and no payroll deductions would be authorized.

Mr. Rogers stated that five solicitations were now pending in the Department of Justice, and Messrs. McKay and Williams reported on practices of the Interior and Commerce Departments. The President emphasized his dislike of governmental bookkeeping and any plan whereby Government officials would determine the allocation of contributions.

The President stated that all seemed agreed on the desirability of having a single general policy applicable throughout the Government. Following Mr. Folsom's comment on the need for quotas and the competitive spirit, the President stated he had no definite feeling on the matter though it would necessarily involve more bookkeeping.

The President directed Chairman Young to work out with the Sub-Cabinet the details of the plan so that it could be promptly adopted.

Mr. Young made clear the difficulties that might be incurred if Cabinet members associate themselves with the proposed District United Giving Fund prior to a determination of Government policy.

Mr. Williams solicited Cabinet support for the Crusade for Freedom, and the President believed it might be included in the plan even though it differed somewhat from other solicitations.

Proposals in the Field of Ageing (CP-46) - Sec. Folsom first made clear that the subject under discussion today did not involve funds not yet budgeted. He emphasized the undesirability of setting up a separate agency for matters concerning ageing, since it was preferable to have these matters handled in the regular operations of the various agencies involved.

Mr. Folsom proposed (1) a statement by the President to pull together the many things being done, and (2) establishment of a Federal Council representative of some twelve departments and agencies.

The President believed it might be better if he wrote a letter in response to a question from a friendly Congressman rather than send a formal special message to Congress. Mr. Perkins stated the beneficial effect

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of a message in regard to pending legislation in many fields. The President directed that a draft message be prepared so that he might take a look at it prior to making a decision.

Super Grades - Chairman Young presented a series of charts showing the haphazard growth of super grade and equivalent authorizations. He emphasized the excess of departmental requests for super grades over those currently authorized by Congress. He believed the problem could be met adequately if Congress would agree to a proposal for establishing a special group of 340 positions for the Department of Defense, thus making available for the Government at large the 240 super grades now being used by Defense.

The President expressed his interest in seeing that positions designed for top scientists in Defense were not allowed to be transformed into administrative positions. Mr. Young indicated this was being watched closely.

Mr. Stans set forth the special problems of the Post Office resulting from the efforts to decentralize administration but to retain top level supervision by increasing the quality while decreasing the numbers of department officials. Mr. Robertson noted the difficulty experienced by Defense in keeping Specialist Engineers.

fam
L. A. Minnich, Jr.

Distribution:
Mrs. Whitman (2) ✓
Mr. Rabb
Mr. Minnich

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RA - 44

February 7, 1956

The White House

Washington

THE CABINET

Record of Action

The following is the action taken on the items presented at the Cabinet Meeting of February 7, 1956:

1. Remarks on the Visit of the British Prime Minister

/Information item only/

2. The 1956 Red Cross Campaign

ACTION: The Cabinet endorsed Secretary McKay's request for full cooperation in making the 1956 Red Cross drive a success.

3. Fund-Raising Drives Within the Executive Branch CP - 47

ACTION: The President requested the Adviser on Personnel Management:

(a) To develop a single policy which would establish guidelines concerning voluntary fund-raising drives for all Federal employees within the Executive Branch and for the Armed Services;

(b) To develop a detailed plan pursuant to such a policy which will meet the test of the criteria in Section 10 of CP - 47 (with the reservation that No. 2 is to be reviewed);

(c) To present this policy and plan to the Sub-Cabinet for full discussion and coordination;

(d) Subsequently to bring them, as agreed or with specific dissents, to the Cabinet for final approval.

It was pointed out that the adoption of the proposed criteria as the basis for a Federal policy will not permit Federal officials to serve as officers or directors of the Washington United Givers Fund group, also that application of the criteria will require that departments and agencies refrain from becoming chapters of the Washington United Givers Fund, at least until Cabinet approval of the final plan.

CABINET PAPER

For Action

RA - 44
(cont.)

4. Proposals in the Field of Aging — CP - 46

ACTION:

(a) The President requested the Secretary of Health, Education and Welfare to complete for White House consideration a draft of the proposed Special Message on Aging.

(b) The President suggested that possibly the better approach would be an exchange of letters on this subject with an appropriate Member of Congress.

(c) The Cabinet offered no objection to Recommendation B of CP - 46.

5. Super-Grades

[Information item only]

ADDITIONAL ITEM:

A. Crusade for Freedom Drive

ACTION: The Under Secretary of Commerce emphasized the importance of full support for this current fund drive.

Maxwell M. Rabb
Secretary to the Cabinet

THE WHITE HOUSE
WASHINGTON

February 6, 1956

MEMORANDUM FOR THE PRESIDENT

SUBJECT: Agenda for the Cabinet Meeting of February 7

The following items are scheduled, subject to your approval, for the Cabinet Meeting to be held at 2:30 p.m., on Tuesday, February 7:

1. Remarks on the Visit of the British Prime Minister
(The Secretary of State)

Secretary Dulles will give in summary form some of his impressions from the Eden visit.

PRESENTATION TIME: 10 minutes

2. The 1956 Red Cross Campaign
(The Secretary of the Interior)

Secretary McKay is the Government Unit Chairman of the 1956 Red Cross Drive. He wishes to give a one-minute plug for all-out government-wide effort, with Cabinet support.

3. Fund-Raising Drives within the Executive Branch (The Adviser on Personnel Management)

Mr. Young and his staff have been at work for some time studying the methods by which the government could support the movement toward a United Fund for all charitable contributions. This study has involved negotiations with the representatives of the charities concerned. At the suggestion of several of the Departments -- which are anxious to see a clear Executive Branch policy declared in support of a United Fund -- Mr. Young is going to present the problems involved (cf CP-47) and suggest the criteria upon which a policy decision can be based.

PRESENTATION TIME: 10 minutes

4. Proposals in the Field of Aging

(The Secretary of Health,
Education and Welfare)

Secretary Folsom is proposing (CP-46) two measures which will dramatize this Administration's concern for the increasing proportion of our population who are elderly: (1) that you send a Special Message on Aging to the Congress, emphasizing and focusing attention on the Administration's present, many-sided but scattered program of assistance and welfare for the aged, and (2) that the present informal Interdepartmental Working Group on Aging be transferred by Presidential letter into a Federal Council on Aging. HEW and the other interested departments feel that unless we take the initiative with some positive measures like these, the opposition on the Hill will both accuse us of neglect and force us to choose among unpalatable alternatives.

PRESENTATION TIME: 10 minutes

5. **Super-Grades**

(The Adviser on Personnel
Management)

When the Cabinet began discussing this subject last week, you accepted Mr. Young's offer to give the Cabinet an objective presentation of this problem. This is now ready. Mr. Young will set forth the statutory and the administrative criteria which are being followed in allocating the limited number of super-grades among the large number of claimants. He will show the present allocation which has resulted from following those criteria. It is important that the discussion be confined to the soundness of the criteria themselves and not be allowed to turn into a scramble for specific changes in the allocations.

If time runs short, this item can be postponed until another meeting.

PRESENTATION TIME: 15 minutes

Max Rabb

Maxwell M. Rabb
Secretary to the Cabinet

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CP - 47

February 4, 1956

The White House

Washington

THE CABINET

Fund-Raising Drives Within the Executive Branch

For consideration by the Cabinet, attached is a paper prepared by the President's Adviser on Personnel Management.

This paper discusses the problems facing the Federal Government with respect to the variety of fund-raising campaigns for private charitable organizations, in which Federal employees are asked to participate. It points out the need for a policy decision as to the Government's position in the matter, and proposes the adoption of certain criteria as the basis for such a policy.

Maxwell M. Rabb
Secretary to the Cabinet

Fund Raising Drives Within the Executive Branch

1. Problem

The basic question with regard to fund-raising programs is whether solicitation of employees at their places of work and during working hours will be allowed.

In the Federal Government it has been traditional to allow recognized health and welfare agencies to solicit from both civilian and military personnel during working hours. If the traditional policy of allowing solicitation of Federal personnel is to be continued, the constantly expanding number of agencies being authorized to solicit requires the development of a single Federal policy which will give guidance to the responsible officials in the various departments and agencies, and the military services. Therefore, assuming the traditional policy of allowing solicitation will be continued it is necessary to develop for the Federal establishment a health and welfare fund-raising program that will be acceptable to the givers and the participating voluntary health and welfare agencies, and will provide the necessary guidance for the departments and agencies.

2. Current Agency Practices

Over the past several years, a number of departments and agencies have adopted consolidated, single package, fund-raising campaigns of one sort or another. The experience with these plans has ranged from good to bad. The Department of Defense, which is our largest single employer, has issued a single overall policy regarding fund raising and the solicitation of both military and civilian personnel. This policy gives full support to the drives of the American National Red Cross, recognized local Community Chest or United or Federated campaigns, and in addition the Army, Navy and Air Force relief and aid programs. The determination with respect to solicitations by other organizations is left to the local commanders.

While the Defense Department policy has been a step in the right direction, it has resulted in a multiplicity of policies within the Department of Defense concerning how agencies other than the Red Cross and the Community Chest-type organizations will be handled. Several of the other departments and agencies have established a single-package campaign approach. These include, among others, the Department of Commerce Federal Deposit Insurance Corporation, and the Federal Bureau of Investigation. Others are anxious to follow this pattern.

Generally, outside of those that have been mentioned, the departments and agencies are handling fund drives on a multiple solicitation basis, solicitation occuring at the time of the campaigns and drives of the various organizations concerned.

3. United Fund Approach

The basic elements of the United Fund are:

a. Single solicitation, usually on an annual basis.

b. Distribution of contributions among all agencies who are participants in the fund on the basis of proportionate quotas or goals fixed and accepted by the United Fund.

c. Health and Welfare agencies who are not participants in the fund are excluded from solicitating in the plants and offices of United Fund employer members in a local community.

d. The contributor may designate the agency or agencies which he wants to receive his gift but he has no assurance that his funds reach the agencies of his choice in the designated amounts.

e. It attempts to combine into one solicitation requests for funds for both local and national health and welfare agencies, as well as the Red Cross.

f. Agencies participating in the United Fund tend to lose their individual identities.

4. The Attitude of National Health Organizations

The National Foundation for Infantile Paralysis forbids its local chapters to participate in joint fund-raising of any kind. It has made it a practice to return funds raised in this manner. "Heart associations already participating in a federated fund shall be encouraged to withdraw as soon as it is deemed mutually advisable by the American Heart Association." "The Board of Directors of the American Cancer Society has decided there can be no new participation in federated appeals or community chests."

5. The Attitude of the American National Red Cross

Last Spring the Red Cross liberalized its policy of strict independence to the extent of giving local chapters greater flexibility as follows:

> "In determining their method of fund raising, chapters will be guided by the best interests of the community as a whole, as well as those of the Red Cross, and will observe the following provisions:
>
> "'(1) they shall at all times retain the determination and control of the Red Cross budget and goal,
>
> "'(2) they shall retain the right to conduct a roll call for members and funds and junior members in the month of each year designated by the Board of Governors,
>
> "'(3) they shall retain the right to conduct emergency campaigns in case of disaster, war, or other unforeseen need when authorized by the Board of Governors, and
>
> "'(4) that each person from whose contribution the Red Cross receives $1.00 or more shall receive identification of his membership in the Red Cross.'"

6. Comparative Missions

In the health and welfare field, the purpose of the organization determines the pattern of its expenditures. The following analysis clearly indicates the differences in mission, approach and manner and location of expenditures.

I	II	III
Local Welfare	**National Welfare and Relief**	**National Health Cancer, Heart, Polio, etc.**
Community Chest	**Red Cross**	
The Community Chest dollar is spent locally for less fortunate neighbors and for the children and youth of the community. (Some USO dollars may go outside of the community to finance USO camp shows.)	1. The Red Cross Dollar is spent locally when necessary. 2. However, it is immediately available to disaster and emergency areas wherever they may be, throughout the Nation and the world, wherever there is privation and suffering.	1. The national health dollar is spent locally when necessary. 2. It is spent nationally for research, education and information concerning a particular disease and assistance and service to individuals stricken with that disease. In the case of at least one health organization its funds and services are made available to our citizens world-wide.

7. **Comparative Methods**

Based upon their mission (as indicated above) the health and welfare organizations fall into three groups. However, based upon traditional fund-raising policies they fall into two major groups as shown below:

Coverage	National		Local
Mission:	Welfare	Health	Welfare
Organizations:	American National Red Cross	1. Arthritis and Rheumatism 2. Cancer 3. Cerebral Palsy 4. Handicapped 5. Heart 6. Multiple Sclerosis 7. Muscular Distrophy 8. Polio 9. Tuberculosis	Community Chest

Policy statements as to desired forms of gift payments:	Cash	Cash	Installments
Amount:	Any amount	Any amount	Large amounts
	Gifts of $1.00 or more provide membership.	Pennies, nickles, dimes or dollars	Payroll deductions

8. The President's Comments Regarding the American National Red Cross

Following a conversation in Denver on August 28, 1954 with Mr. E. Roland Harriman, Chairman of the American National Red Cross concerning the matter of the Red Cross being included in any government single-package drive, the President sent a confidential message to Mr. Young which reads in part as follows:

> "In view of the administrative difficulties, I realize that there is a strong temptation to try to accomplish the task in one concerted annual drive. I am sympathetic with the desire but I do not believe it can be successfully accomplished so far as the Red Cross is concerned. As you know, as President of the United States, I am also honorary President of the American Red Cross and it is my responsibility to appoint certain important officials in the organization. It not only has a very broad charter of duties and responsibilities and certain rights, but through the years it has come to be almost a symbol of the American people's readiness to move quickly to the assistance of victims of disaster. To my mind it would be a tragic mistake to include the National Red Cross as merely another member of a group of organizations each with a proportionate claim upon the proceeds raised in one charitable drive. If we all agree that the Red Cross does occupy a unique position in our national life, with unique responsibilities, then I think it is only logical to conclude that it should have the unique opportunity to approach all prospective donors for the funds that it needs annually. I understand that you have been discussing these matters with the sub-cabinet and I do hope that each member will thoroughly consider these factors in making their recommendations, which I assume will eventually be submitted to me. I have seen the Red Cross in action in many types of difficulties both in war and in peace and in spite of the inevitable human failure of individuals, I think it has steadily increased in stature over the years in the eyes of all our people and of the world. I would not want to adopt any method that would limit the opportunity of the average American citizen to donate specifically and directly to this great organization."

9. Policy Guidance Needed in the Development of a Fund-Raising Plan for the Federal Service

To be effective, a plan for fund raising in the Federal service must meet the needs and desires of the giver, the recipient and the Federal Government as an employer.

To develop such a plan, policy guidance is necessary in the form of criteria which are acceptable as a basis for the plan.

Any expressed policy of the Federal Government on fund raising must take into consideration the various factors and points of view which have been briefly outlined above. Bearing these in mind, the following criteria have been developed for consideration as basic policy in the development of a fund-raising plan for the Federal service.

10. Criteria for a Plan of Fund Raising Within the Executive Branch

A. Plan should provide for:

1. Single policy for the Federal Government which sets forth guidelines for the departments and agencies, including the armed services.

2. One solicitation during a specified period by all recognized health and welfare agencies.

3. Flexibility to fit all types of Federal establishments and installations and do no violence to the established methods of the local and national health and welfare organizations.

4. Minimum disturbance of people on duty.

5. Minimum of cost of record keeping and administration for the departments and agencies.

6. Acceptability to givers.

7. Preservation of the giver's choice by providing that his gift goes intact to the agency of his choice.

8. Preservation of the identity of each recognized national voluntary health and welfare agency.

9. Opportunity for education allowing each voluntary national health and welfare agency to tell its story to each potential giver.

10. Exceptions from the policy of a single solicitation period for emergency and disaster appeals.

B. Plan should not provide for:

1. Overall dollar goals or dollar quotas.

2. Payroll deductions or employer collections of installment pledges.

11. Recommendation

It is recommended that the Cabinet approve the above criteria as a policy framework for the development of an orderly plan for use by the Federal Government in cooperating with the health and welfare organizations in their fund-raising campaigns.

CABINET PAPER—PRIVILEGED

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February 2, 1956

The White House
Washington

THE CABINET

Proposals in the Field of Aging

For consideration by the Cabinet, attached is a paper prepared by the Department of Health, Education and Welfare.

This paper sets forth (in Section II) two recommendations for Presidential action concerning Federal programs in the field of aging. The substance of these recommendations has been developed by the Interdepartmental Working Group on Aging, established by the Sub-Cabinet in March, 1955.

The concurrence of the Cabinet and the approval of the President are sought for the Recommendations in the attached paper. If this approval is given, the exact language for the two Presidential documents suggested in this paper will be finalized on the basis of drafts already generally approved by the Interdepartmental Working Group on Aging, and will be submitted through the normal clearance channels.

Maxwell M. Rabb
Secretary to the Cabinet

CABINET PAPER

For Consideration

THE CABINET

Proposals in the Field of Aging

I. BACKGROUND

A. There is increasing public and Congressional interest and concern with respect to the problems of older persons. This is manifested by numerous proposals pending in Congress, such as those to create a Bureau of Older Persons, a Commission on Aging, etc.

   1. Some of these proposals are unsound in that they do not recognize the basic responsibilities of existing Government agencies in the areas of employment, health, education, welfare, housing, etc., and the undesirability of segregating older persons off into separate programs.

B. There appears to be a need for a statement which will:

   1. express the Administration's concern for older persons;

   2. give public recognition to the achievements and proposals of the Administration and to the fact that the Executive Branch is working actively and on a coordinated basis in the field of aging; and

   3. outline basic approaches to the challenge of an aging population -- e.g., maximum emphasis on individual freedom and responsibility and maximum utilization of existing Governmental agencies -- as a basis for Administration policy and the consideration of pending and new proposals.

C. There is also a need for greater coordination of the activities of the various Federal Departments in the field of aging, as well as greater emphasis within the programs of these Departments on the special problems of older people.

   1. An inventory which is nearly completed shows that numerous Departments and agencies have a major concern with the problems of older persons, in such areas as:

      --Employment and self-employment opportunities for older persons; older persons as a source of manpower and reservoir of needed skills.

      --Income maintenance, pension planning, tax treatment of retirement income and plans.

      --Housing and living arrangements for older persons (urban and rural)

      --Health care and facilities

      --Medical research, basic research in life sciences

      --Adult education, recreation.

   2. A year ago, at a Sub-Cabinet Meeting, approval was given to the informal organization of an Interdepartmental Working Group on Aging, on an experimental basis, consisting of representatives of the various Departments.

      --This group has been meeting regularly. It is strongly recommended that the group be continued and recognized as an interdepartmental committee of major importance. It should have a status which clearly identifies it to the public.

II. RECOMMENDATIONS

A. That the President send to the Congress a Special Message on Aging. This Message would include the following:

1. Introduction

   a. Brief description of the challenge of aging -- lenghtening life span, increasing numbers of older persons, etc.

   b. Emphasis on philosophy of recognizing older people as individuals; our job is to help provide the framework within which they can work out their own mode of living in later years.

   c. Statement of objectives in assisting older persons; emphasis on the role of the individual, the family, the community.

2. Recent Accomplishments of the Federal Government for Older People

   --Stability for the retirement income dollar

   --Social Security Amendments of 1954, expanding coverage and increasing benefits

   --Broad research and demonstration program in Department of Labor to increase employment of older persons

   --Increased health research, with emphasis on chronic disease

   --1954 Amendments to hospital construction program, for more chronic disease hospitals and nursing homes

   --1954 Amendments expanding vocational rehabilitation program

   --Others

3. The Administration's Program

   [NOTE: The legislative and budget proposals referred to below are already part of the President's program and budget.]

   a. Broader employment opportunities

      --increased support for employment security agencies and for the research and demonstration program of Labor Department.

      --increase of $4 million for vocational rehabilitation

      --encouragement of flexible retirement policies, pre-retirement counselling, and programs to promote supplementary earning opportunities (home businesses, seasonal work, etc.)

b. Strengthened social security programs

- --extension of OASI coverage
- --temporary continuation of "McFarland Amendment" in old-age assistance
- --greater efforts at prevention of dependency, through grants for training of skilled welfare personnel; social research; more emphasis in public assistance on self-support and self-care.

c. Intensified research on problems of chronic disease and mental illness

- --28% increase in funds for National Institutes of Health
- --special project grants to improve care of mentally ill

d. Health services for older persons

- --special medical care program for old-age assistance recipients
- --encouraging continuation of voluntary insurance after retirement (through reinsurance or pooling)
- --mortgage insurance for nursing-homes and other health facilities
- --$19 million additional hospital construction funds, for chronic disease hospitals, nursing homes, etc.

e. Housing for older persons

- --preferences in public housing
- --favorable mortgage insurance for non-profit apartment projects for older persons, etc.
- --third-party guaranties of home purchase mortgages of older persons

f. Older persons in rural areas

- --rural development program activities, including better health care.

g. Education

- --increased adult education and retraining services
- --improved recreational opportunities

h. Creation of Federal Council on Aging

[See B below]

i. Cooperation with States

--Federal Council on Aging to sponsor, jointly with Council of State Governments, conference of Federal-State personnel in the field of aging. (This is planned for late May, 1956.)

4. Note: The arguments for making the proposed statement a message to Congress are:

   a. There will not be special messages on such major legislative recommendations of the President as (1) the housing program for older persons, and (2) the HEW social security proposals.

   b. Since Congress is seeking constructive proposals for improving the welfare of older persons, the Executive Branch has a responsibility for making appropriate recommendations and outlining a sound overall course of action to Congress.

B. That the President establish a Federal Council on Aging. It is further recommended that the President, by letter to Department and Agency heads concerned, formally create a Federal Council on Aging, to (1) assist in coordinating Federal program relating to older persons, (2) evaluate these programs on a continuing basis, and (3) make recommendations to Department and Agency heads as to emphases, priorities, and additional steps needed to improve services for older persons.

1. The tentative list of Departments and Agencies which would designate representatives is:

   Labor
   Health, Education, and Welfare
   Commerce
   Interior
   Agriculture
   Treasury
   Housing and Home Finance
   Veterans Administration
   Civil Service
   National Science Foundation
   Small Business Administration
   Office of Defense Mobilization

   Most of the above have been represented actively on the Interdepartmental Working Group on Aging during the past year.

2. The Council would be serviced by a small secretariat in HEW (already serving the Interdepartmental Working Group), and would probably operate on a rotating chairmanship basis. The Council would not seek an appropriation of its own.

March 19, 1956

Recent and Proposed Actions

of the Federal Government

Affecting Older Persons

Progress in the Federal Government is being made within existing governmental agencies in such fields as employment, social security, health and rehabilitation, education, food and drug control, rural life and housing. Our efforts are directed toward giving appropriate emphasis, within existing programs, to the special problems of older persons and to the active coordination of those programs.

Recent Actions of the Federal Government

--The 1954 Amendments to our old-age and survivors insurance system extended the protection of the system to some 10 million additional workers, including farmers and more farm workers, increased the payments for all retired persons; enabled retired persons to earn as much as $1,200 a year in part-time or occasional employment without loss of social security benefits; and added a provision preserving the benefit rights of disabled persons so that their old-age benefits would not be reduced by the reason of the years of inability to work.

--Inflation has been checked and stability brought to the retirement income dollar. This has contributed greatly to the welfare of those who rely on pensions, annuities, or investment income for their means of subsistence.

--The 1954 revision of the income tax laws eased the tax burdens of older people. A tax credit was given for retirement income from public and private pension plans--such as for retired teachers, other municipal employees, and individuals who have provided for retirement through their own savings--comparable to the tax exemptions already accorded for social security benefits. Allowable deductions for medical expenses were greatly liberalized, affecting older persons particularly. Taxes on annuities were revised to prevent a sudden tax increase in later years. More favorable provision was made for single persons who supported their parents although not sharing the same household with the taxpayer.

--A broad program of research and action toward increasing employment opportunities for older workers has been initiated by the Department of Labor. Projects are already underway which should help to develop more job opportunities for older workers and to demonstrate to employers the best methods of hiring and retaining them on the job. These include projects on the relative performance of older workers in industry, better methods of job counseling and placement of older workers, and community programs to recruit and train older persons to meet shortages in such fields as teaching, office work, and health services.

--Both research and services in the field of chronic disease have been greatly intensified. Since 1953 Congressional appropriations for medical research, largely consisting of chronic disease research conducted by and through the primary research arm of the Public Health Service, the National Institutes of Health, have increased from $51 million to $93 million a year. Research with respect to the aging process itself is receiving increased attention in the program of the National Institutes of Health. During 1955 the Institutes were supporting or conducting at least 170 research projects focussed directly upon or related to aging.

--Under the 1954 Amendments to our Federal-State hospital construction program, a new emphasis has been given to the construction of chronic disease hospitals and nursing homes, which offer long-term care at a lower cost per patient-day than the general hospital.

--The 1954 Amendments to the Federal-State Vocational Rehabilitation program initiated a new expansion aimed at more than tripling the number of persons--including many older workers--being rehabilitated annually.

--The staff of the Committee on Aging in the Department of Health, Education, and Welfare has been working to broaden its information clearinghouse service and has been giving significant help and stimulus to national organizations, States, and local groups concerned with adapting their programs to the needs of the growing number of older people.

Proposed Actions.

The specific recommendations and proposed actions of the Administration are set forth below.

1. Support for Development of Broader Employment Opportunities.

To help promote employment and training opportunities for older persons, the Administration is requesting of Congress:

(a) Increased support of Federal and State activities directed toward more jobs for older persons, through the services now underway in the Department of Labor and in affiliated State employment security agencies;

(b) Increased support for research and analysis by the Labor Department of actual experience with respect to continued employment of older workers, as well as the attitudes, policies, and practices of management and labor concerning employability, retraining, and counseling of older workers for continued employment;

(c) Increase in Federal funds of over $4 million for the programs of vocational rehabilitation of older as well as younger workers to carry on their old jobs or to fill new jobs in spite of physical handicaps.

In addition, the Departments of Labor; Commerce; Health, Education, and Welfare; and the Civil Service Commission will work together: (a) to stimulate the adoption by government, private employers and labor unions of more flexible and selective retirement policies; (b) to encourage employers and community agencies to provide facilities for preretirement counseling; and (c) to encourage programs designed to provide supplementary earning opportunities for retired persons in home businesses, sale of handicraft products, part-time or seasonal work, and sheltered workshops.

2. Strengthening our Social Security Programs.

Several measures are proposed to strengthen our social security programs:

(a) The enactment of legislation to extend the coverage of the basic program of old-age and survivors insurance to groups not now covered, including Federal employees and military personnel. (S.3041; H.R.9090; H.R.7089.)

(b) The temporary extension of essentially the present formula for Federal grants-in-aid for old-age assistance in order that payments to aged needy individuals will not be reduced, with the addition of the special program of matching grants for their improved medical and health care. (See 4(a) below.) (S.3139; H.R.9091, 9120.)

(c) Greater emphasis on the prevention of dependency among older persons and others, through

--grants to States in the authorized amount of $5 million annually for the training of skilled welfare personnel;

--funds for cooperative research by Government and private institutions into the causes of dependency and how they can be alleviated; and

--increased emphasis in our assistance programs to help welfare recipients achieve a status of self-support and self-care, with the help of coordinated retraining, rehabilitation, and employment efforts.
(These proposals are embodied in S.3139; H.R.9091, 9120.)

3. Intensified Research into Chronic Disease and Mental Illness.

The Administration is requesting an increase over the current fiscal year of $27.4 million in appropriations to the National Institutes of Health for medical research and training and related purposes, with emphasis on the problems of chronic illness frequently associated with the later years of life. For example, increases of $3.1 million for heart research and related activities, $7.3 million for cancer activities, and over $2.4 million in increased funds for arthritis and related diseases are being requested.

As for the special problems of mental illness, the budget submitted to Congress calls for an increase of $3.6 million in research and related activities and, contingent upon the enactment of the recommended legislation,

$1.5 million for a program of grants to States for conducting special demonstration projects in the field of care and treatment of mental illness. (This legislation is contained in Title VI of S.886 and H.R. 3458, 3720.) These expenditures will include research and projects of particular value to improving the care of aged patients both in and outside of mental institutions.

4. Health Services to the Aged.

The Administration is working along several lines to improve health services to the aged, namely:

(a) Requesting legislation for additional public assistance grants, to be matched by the States, for paying medical care costs of indigent older persons, as recommended last year (S. 3139; H.R. 9091, 9120);

(b) Encouraging continuation of the protection of voluntary health insurance plans for retired employees, through reinsurance and pooling arrangements;

(c) Recommending enactment by Congress of a system of mortgage insurance to encourage the construction of more nursing homes and other health facilities (S. 886; H.R. 3458, 3720 Title II);

(d) Strengthening of the Federal-State hospital construction program by a requested increase of $19 million in funds, with increased emphasis on chronic disease hospitals and wings in hospitals, nursing homes, and other facilities for long-term care at a lower per-patient day cost.

5. Housing

Several steps are being recommended by the Administration to help assure adequate housing opportunities for our older persons:

1. The United States Housing Act should be amended to make elderly single persons eligible for public housing units suitable for them and to permit local housing authorities to give preference to older persons and their families in admission to Federally-assisted public housing projects. States and municipalities should consider adopting a similar policy.

2. The National Housing Act should be amended to authorize insurance under especially favorable mortgage terms for apartment projects built by non-profit organizations for occupancy by older persons.

3. Favorable mortgage insurance terms should also be accorded other multi-unit rental projects designed for at least partial occupancy by the aging.

4. Finally, provision should be made to permit third parties, which could be either organizations or individuals, to provide the downpayment and to guarantee monthly interest and amortization payments in behalf of older persons buying a home under a federally insured mortgage.
(These proposals are embodied in S. 3302, H.R. 9537.)

6. Older Persons in Rural Areas

The elderly in rural areas are often remote from transportation and living alone where services such as nursing and medical services are difficult to obtain. The rural development program being undertaken by the Department of Agriculture, other Federal agencies, and State and local communities will include research and program activities to provide better health and medical care in those rural areas where the need of the aging is greatest.

7. Education.

As older persons find more time for self-development and self-expression, every encouragement and opportunity must be provided for them. New emphasis to these areas will be given through:

(a) The services of the U. S. Office of Education, in helping the States, institutions of higher education, and voluntary groups to develop educational services to retrain adults for work opportunities suited to aging persons, to provide educational opportunities to keep aging citizens competent in contemporary citizen problems, and to encourage use of older persons in appropriate educational services.

(b) Development of pre-retirement informational or counseling services in Federal Departments, and the sharing of experiences in such programs with other employers, public and private.

8. Federal Council on Aging.

A Federal Council on Aging is being established by the President to assist in coordinating the programs of the various Federal departments and agencies which have a special concern with aging, and to assist those departments in achieving a more effective Government-wide approach to the needs of our older citizens.

9. Cooperation with States

It is imperative that the Federal Government's activities in the field of aging be in support of and complementary to the activities of State, local, and voluntary groups. The States have taken constructive leadership, and many have organized or are organizing state commissions on aging. The recent report of the Council of State Governments is a highly constructive contribution in this field.

The Federal Council on Aging will undertake as an initial project, with the joint sponsorship of the Council of State Governments, the holding of a planning conference of State representatives and key Federal personnel.

CABINET PAPER—PRIVILEGED
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CA - 56-45

February 8, 1956

The White House

Washington

THE CABINET

Agenda

9:00 A.M., Monday, February 13, 1956

1. H.R. 6645 - The Amendments to the Natural Gas Act as Amended — CI - 56-36

(cf also:
CP - 19/3
RA - 10
RA - 11)

Maxwell M. Rabb
Secretary to the Cabinet

CABINET PAPER
For Action

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DETERMINED TO BE AN
ADMINISTRATIVE MARKING
E.O. 11652, Section 1
By DHC NLE, Date 8-9-76

MINUTES OF CABINET MEETING

February 13, 1956
9:05 A. M. - 10:30 A. M.

The following were present:

President Eisenhower

Vice President Nixon
Under Sec. of State Hoover
(for Sec. Dulles)
Sec. Humphrey
Deputy Sec. of Defense Robertson
(for Sec. Wilson)
Mr. Brownell
Mr. Summerfield
Sec. McKay
Sec. Benson
Sec. Weeks
Sec. Mitchell
Sec. Folsom

Director Hughes
Dr. Flemming
Chairman Young
Dr. Burns
Amb. Lodge

Gov. Adams
Gen. Persons
Mr. Dillon Anderson
Mr. Hagerty
Mr. Shanley
Gov. Stassen
Mr. Morgan
Mr. Harlow
Mr. Martin
Dr. Hauge
Mr. McCann
Mr. Murray Snyder
Col. Goodpaster
Mr. Rabb
Mr. Patterson
Mr. Minnich

Harris-Fulbright Bill (CI-56-36) - The President initiated the discussion by indicating that establishment of certain facts bearing on criminality was a Congressional responsibility and that the Cabinet should most properly be concerned here with (1) public interest and attitude toward the matter and (2) the content of the bill as compared with the findings of the Advisory Committee on Energy Supplies and Resources.

Dr. Flemming saw no great difference between the philosophy of the Committee report and the bill. He thought no basic points were at issue. The President questioned the relationship as regards protection of the consumer, and Dr. Flemming made a factual comparison showing large similarity. Sec. Weeks stated his support for the bill on its merits because of his belief that the Federal Government should not be engaged in intra-state regulation, that gas was competitive with other fuels, and that the cost of the raw material constituted less than 10% of the consumer price. Mr. Hoover amplified on the high cost of distribution and services as contrasted to raw material cost. Sec. Mitchell noted that the Advisory

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Committee later had included a section about each phase of gas operations being appropriately regulated. He believed the bill did not measure up since it lacked any provision concerning State Conservation Commissions and did not provide for regulation as to maximum price except in the limited area covered by the FPC. The President noted that both minimum and maximum should be considered so as to avoid extremes which would, in effect, force industries to shift their place of operation.

The President asked about the basis of the local competitive price and was informed that it included both gas sold for local use and that sold for pipeline use. The President wondered if this could not have been better treated in the bill.

The Attorney General recalled the judicial history of the matter and emphasized that the court had disapproved the FPC fair price formula and ordered reconsideration. He then noted the loophole resulting from escalator clauses in existing contracts. He believed the market price would depend on these clauses. Mr. Hoover recalled previous under-pricing of gas and the clear understanding of all concerned that the price would increase in the future. Mr. Hoover then noted how the FPC had long been engaged in determining a fair rate of return. He believed the most important thing was to encourage exploration and additions to our natural gas resources. The President restated his long interest in that purpose but believed current circumstances precluded approval of the bill.

Sec. Humphrey stated his approval of the basic principle of the bill but was firmly convinced that present conditions required the bill to be vetoed in favor of starting over under more auspicious circumstances. He believed approval of the bill would prejudice the moral position of the Administration. Gov. Stassen concurred and believed it desirable to try for a new bill which would put greater emphasis on the consumer side. He later expressed his feeling that the legislative history of a new bill could develop appropriate material with regard to a reasonable market price. He cited the Senate vote and named a number of Senators from "disinterested" states who had worked for consumer amendments and had voted against the bill in the absence of such.

Director Hughes, with no commitment as to his own position, reported that agency comments received thus far either favored the bill or withheld comment. No report had yet been received from Justice. He undertook to read the Kuykendall (FPC) letter in full.

Dr. Flemming emphasized again the likeness of the Committee report and the bill, and urged that no attempt be made to base a veto message on any minor differences.

Sec. McKay stated his favor for the bill, as the Federal Government should not be regulating production.

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ADMINISTRATIVE MARKING
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By DHC NLE, Date 8-9-76

Cabinet Minutes, February 13, 1956 - page 3

The President asked whether any President had ever signed a bill while the Senate was investigating its passage. He thought that any good bill ought to be passed without having a terrible stench connected with it. Amb. Lodge cited the demagoguery to be expected from Sen. Hennings, then asked why a sufficient price could not be set under the regulation mechanism to encourage necessary exploration. Sec. Humphrey spoke against Federal regulation of intra-state matters. He believed the veto should be based on the attendant circumstances. The President concurred in the prospect of demagoguery, especially because of the alleged connection of the Republican Party to 'Big Business'. He then cited a story he had heard of oil industry people blatantly bragging of how they had fixed Sen. Bush, because of his opposition, by taking a tremendous amount of business away from his son. The President then noted how the American people, even though erroneously, hold the President responsible for everything.

He asserted the necessity, entirely apart from mere political thinking, of having a tremendous concern for what the American people are thinking in regard to any important matter.

The Vice President then turned the discussion to the possible content of a veto message. He concurred with Dr. Flemming that it should not be based on fine points or technical conditions, but rather should forthrightly stand on the principle that no bill should become law while investigations were still being conducted by Congress and the Department of Justice. He believed that, even though the President was not responsible for the morals of Congress, he did have responsibility with regard to a bill passed by the Congress under circumstances like these. The Vice President thought the veto message could make clear the desirability of undertaking a new bill. Sec. Benson concurred particularly in the Vice President's last comment. The President reasserted his desire to have a bill that would protect the consumer as well as encourage production, then asked whether he would have to investigate the pressures that lay behind every bill that came to him. He answered himself by noting that in this instance a public official inquiry was under way.

General Persons indicated that the Republican leadership had asked for an opportunity to discuss the matter with the President prior to any decision to veto, hence he hoped this meeting would not be considered as definitive until the Leadership had a chance at least to express opinions.

The President concluded by remarking that, while he had already formed a strong opinion, he still had not vetoed the bill and he would be happy to have any memorandum that a Cabinet member might wish to send.

* * * *

DETERMINED TO BE AN
ADMINISTRATIVE MARKING
E.O. 11652, Section 1
By DHC NLE, Date 8-9-76

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Cabinet Minutes, February 13, 1956 - page 4

Subsequent to the good wishes that Governor Stassen expressed for an enjoyable vacation in Georgia, the President said that he found it ironic to be now in the situation he had never wanted to occur -- where people say that there is only one man who can do the job. He said he could list at least a dozen men to whom he would be delighted to turn over the job in view of their extensive qualifications; yet the people in general won't think of those things and it seems that one man comes to personify all their hopes. He recalled that he had talked for three years against the one-man idea but people just wouldn't see it.

He then recalled the political axiom that any President lost his influence as soon as he declared he would not be again a candidate, and wondered how any President could be effective in a second term under the new Constitutional amendment against third terms.

He interjected that in his Inaugural address he had wanted to include a statement that he would not be a candidate for a second term but he had bowed to the advice of a friend to omit it -- and now, he laughed, he was sorry he had!

Continuing, he said that during the second term of any President attention would focus on who might be the heir. But he believed that this Administration had done much in establishing high principles and making a large record of achievement. Should that commend itself to the public, he felt, then any man who became a candidate would want the support of the President and this would tend to keep potential candidates on the reservation.

The President concluded by cautioning the Cabinet that he had heard some of them talk about their desire to get back home and that he wanted them to know that if he found himself in this spot after next January, they would have to be here, too!

L. A. Minnich, Jr.

Copies to:
Mrs. Whitman (2) ✓
Mr. Rabb
Mr. Minnich

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RA - 56-45

February 13, 1956

The White House
Washington

THE CABINET

Record of Action

The following is the action taken on the item presented at the Cabinet Meeting of February 13, 1956:

1. H.R. 6645 - The Amendments to the Natural Gas Act, as Amended — CI - 56-36

   ACTION: To supplement the Cabinet discussion, Cabinet Members ware invited to send memoranda to the President.

Maxwell M. Rabb
Secretary to the Cabinet

CABINET PAPER

For Action

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CI - 56-36

February 8, 1956

The White House
Washington

THE CABINET

H.R. 6645 - The Amendments to the Natural Gas Act as Amended

For information of the Cabinet, attached is a copy of H.R. 6645 - the bill to amend the Natural Gas Act as Amended - in the form in which it has been approved by both Houses of the Congress.

Maxwell M. Rabb
Secretary to the Cabinet

CABINET PAPER

For Information

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H. R. 6645

Eighty-fourth Congress of the United States of America

AT THE SECOND SESSION

Begun and held at the City of Washington on Tuesday, the third day of January,
one thousand nine hundred and fifty-six

An Act

To amend the Natural Gas Act, as amended.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That section 2 of the Natural Gas Act, as amended is amended by adding at the end thereof the following two new paragraphs:

"(10) 'Transportation of natural gas in interstate commerce' means only such transportation of natural gas in interstate commerce as occurs after the completion in or within the vicinity of the field or fields where produced of all production, gathering, processing, treating, compressing and delivering of such natural gas into the transportation facilities of a person engaged in transporting, in such transportation facilities, natural gas in interstate commerce beyond the vicinity of the field or fields where produced.

"(11) 'Sale in interstate commerce of natural gas for resale' means only such sale in interstate commerce of natural gas for resale as occurs after the commencement of the transportation of such natural gas in interstate commerce as defined in paragraph (10), but does not include any sale which occurs in or within the vicinity of the field or fields where produced at or prior to the commencement of such transportation in interstate commerce of the natural gas."

Sec. 2. Subsection (b) of section 5 of the Natural Gas Act, as amended, is hereby redesignated as subsection (h), and such section 5 is further amended by inserting immediately after subsection (a) thereof the following new subsections:

"(b) When an increase in any rate or charge for natural gas is filed with the Commission by a natural-gas company and is based in whole or in part upon any contract, executed or renegotiated after the date this subsection takes effect, for the purchase of natural gas from a person other than an affiliate, the Commission shall determine, unless there has been a prior determination under subsection (c) of this section, whether the price at which the natural-gas company has contracted to buy such natural gas is the reasonable market price thereof at the point at which the gas is delivered into the transportation facilities of the natural-gas company in or within the vicinity of the field or fields where produced. After such determination, the natural-gas company shall be allowed to charge as an operating expense for natural gas purchased under the contract only such part of the contract price as does not exceed such reasonable market price. In determining the reasonable market price of natural gas under the provisions of this section 5, the Commission shall consider, among other things, whether such price has been competitively arrived at, the effect of the contract upon the assurance of supply, and the reasonableness of the provisions of the contract as they relate to existing or future prices.

CABINET PAPER

For Information

"(c) The Commission shall determine upon application by a natural-gas company, or may determine upon the Commission's own motion, after notice and opportunity for hearing, whether the price to be paid for natural gas under the provisions of any contract executed or renegotiated after the date this subsection takes effect is the reasonable market price thereof at the point at which the gas is to be delivered into the transportation facilities of the natural-gas company in or within the vicinity of the field or fields where produced. After such determination, the natural-gas company shall be allowed to charge as an operating expense for natural gas purchased under the contract, for the purposes of rates or charges thereafter filed by it under this Act, only such part of the contract price as does not exceed such reasonable market price.

"(d) When an increase in any rate or charge for natural gas, filed with the Commission by a natural-gas company after the date this subsection takes effect, is based in whole or in part on an increase in price under the provisions of an escalation clause in any contract, other than a contract to which subsection (b) applies, for the purchase of natural gas from a person other than an affiliate, the Commission shall determine whether the price as so increased is the reasonable market price of the natural gas at the point at which the gas is delivered into the transportation facilities of the natural-gas company in or within the vicinity of the field or fields where produced. When the Commission has made such determination, the natural-gas company may charge as an operating expense for natural gas purchased under the contract only such part of the increase in price as results in a price which does not exceed such reasonable market price. As used in this section 5, the term 'escalation clause' means any provision in a contract for the purchase of natural gas the operation of which may result in an increase in the price of the natural gas sold under the contract, but such term does not include (1) any provision for increases, by specific amounts, in the price of the natural gas at definite dates in the future, or (2) any provision under which the natural-gas company agrees to reimburse the seller of the gas for any increase in taxes which may be levied upon such seller after a specified date.

"(e) Whenever, in connection with an increase in the price of natural gas under the provisions of an escalation clause, the Commission, pursuant to subsection (d), has made a determination as to the reasonable market price of such natural gas, the natural-gas company shall be obligated to pay only such part of the increase in price as results in a price which does not exceed such reasonable market price; and, except as otherwise provided in this subsection, the contract containing such escalation clause shall continue in effect according to its terms as though this subsection had not been enacted. No provision of any such contract shall be construed to authorize its cancellation because of the enactment of this subsection or subsections (d) or (f).

"(f) In regulating the rates and charges of a natural-gas company, the Commission shall allow as an operating expense of such natural-gas company, for natural gas produced by it, the reasonable market price of such natural gas at the point at which the gas is delivered into the transportation facilities of the natural-gas company in or within the vicinity of the field or fields where produced, and for gas purchased from an affiliate, the amount paid to such affiliate for such gas up to but not in excess of the reasonable market price of such natural gas at the point at which the gas is delivered into the transportation facilities of the natural-gas company in or within the vicinity of the field or fields where produced.

"(g) For the purpose of this section 5, a person shall be held to be an affiliate of a natural-gas company if such person controls, is controlled by, or is under common control with, such natural-gas company."

Sec. 3. Subsection (e) of section 7 of the Natural Gas Act, as amended, is amended by adding at the end thereof the following new sentence: "Notwithstanding the foregoing provisions of this subsection, in passing upon an application for a certificate which is supported by a natural gas purchase contract, the Commission shall consider whether the price to be paid for such natural gas is the reasonable market price thereof at the point at which the gas is to be delivered into the transportation facilities of the natural-gas company in or within the vicinity of the field or fields where produced, considering, among other things, whether such market price has been competitively arrived at, the effect of the contract upon the assurance of supply, and the reasonableness of the provisions of the contract as they relate to existing or future prices."

Sec. 4. Subsection (e) of section 4 of the Natural Gas Act is amended by striking therefrom the following: ":Provided, That the Commission shall not have authority to suspend the rate, charge, classification, or service for the sale of natural gas for resale for industrial use only;".

Speaker of the House of Representatives.

Vice President of the United States and
President of the Senate.

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CP - 19/3

February 26, 1955

THE WHITE HOUSE

Washington

The Cabinet

Energy Supplies and Resources Policy - Final Report of the Presidential Advisory Committee

The attached paper is the final version of the Report of the Presidential Advisory Committee (formerly the Cabinet Committee) on Energy Supplies and Resources Policy.

This Report has been issued as a White House Press Release, of this date.

The Report and the publication thereof represent the outcome of the Cabinet's action of January 28, 1955 (RA - 11, Item 1; cf also RA - 10, Item 1).

Maxwell M. Rabb
Secretary to the Cabinet

CABINET PAPER

For Action

For Release at 11:00 A.M., February 26, 1955

James C. Hagerty, Press Secretary to the President

THE WHITE HOUSE

REPORT ON ENERGY SUPPLIES AND RESOURCES POLICY

INTRODUCTION

The importance of energy to a strong and growing economy is clear. As conditions of supplies and reserves of coal, oil and natural gas change and as both defense and peacetime requirements come more clearly into focus, the bearing of Government policies upon energy needs re-examination.

What degree and kind of public regulation is appropriate to the present situation and future outlook? What trade policies for energy supplies will most effectively express the overlapping national needs for adequate protectable supplies in case of war and for encouragement of economic growth of this country and friendly countries elsewhere in the world? What steps may be taken to improve the economic position of the coal industry, now seriously depressed, without penalizing competing industries, as a means of enhancing the ability of that industry to contribute to the national defense? More particularly, should specific changes be made in tax, freight rate, research, government purchasing, or other policies in the energy field?

These and other policy questions press for careful review and decision.

On July 30, 1954, the President established an Advisory Committee on Energy Supplies and Resources Policy. The Director of the Office of Defense Mobilization was designated as chairman and the heads of the following agencies served as members: Departments of State, Treasury, Defense, Justice, the Interior, Commerce and Labor.

The White House directive respecting the committee's assignment included the following specific statements:

> "At the direction of the President the committee will undertake a study to evaluate all factors pertaining to the continued development of energy supplies and resources fuels in the United States, with the aim of strengthening the national defense, providing orderly industrial growth, and assuring supplies for our expanding national economy and for any future emergency.
>
> "The committee will review factors affecting the requirements and supplies of the major sources of energy including: coal (anthracite, bituminous and lignite, as well as coke, coke tars, and synthetic liquid fuels); petroleum and natural gas."

The committee has been aided greatly by an able and representative task force appointed pursuant to the President's instructions. The committee's recommendations are set forth below.

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RECOMMENDATIONS

1. Natural Gas Regulation

We believe the problem of natural gas regulation should be approached from the viewpoint of assuring adequate supplies and the discovery and development of additional reserves to support such supplies, in the interests of national defense, an expanding domestic economy, and reasonable prices to consumers.

To secure these objectives, it is essential to give due consideration to (1) the operations known as the production of natural gas, (2) the transportation of gas in interstate transmission lines, and (3) the distribution of gas in municipalities. Individual companies may engage in more than one of these activities. Each operation of such companies should be treated by like criteria according to its appropriate industry function.

In the production of natural gas it is important that sound conservation practices be continued. This area of conservation management is under the jurisdiction of State conservation commissions. In the interest of a sound fuels policy and the protection of the national defense and consumer interests by assuring such a continued exploration for and development of adequate reserves as to provide an adequate supply of natural gas, we believe the Federal Government should not control the production, gathering, processing or sale of natural gas prior to its entry into an interstate transmission line.

The interstate transmission of natural gas by the interstate transmission lines and the subsequent sale of such gas for resale is a public utility function and should be under the regulation of the Federal Power Commission. In considering the certification of new lines and applications for increased rates based on new or renegotiated purchase contracts, the Commission should consider, in order to provide protection for the consumer, not only the assurance of supply but also whether the contract prices of the natural gas which the applicant has contracted to buy are competitively arrived at and represent the reasonable market field price, giving due consideration, in the interest of competition, to the reasonableness and appropriateness of contract provisions as they relate to existing or future market field prices.

The several states or their political sub-divisions should continue to provide the public utility regulation of distributing companies in accordance with usual utility practices.

Thus the complete cycle of natural gas production, transmission and utilization will be appropriately regulated: the production and conservation of natural gas by the state conservation commissions; the interstate transmission of natural gas by the Federal Power Commission; and the distribution by the local public utility commissions.

2. Sales Below Cost by Interstate Pipeline Companies

The basic principle regarding the regulation of natural gas and the use of alternative energy sources should be as far as possible that of free choice by the consumer and free and fair competition among suppliers. This, it is confidently thought, will provide most effectively for the assurance and flexibility of energy supply, both for economic growth and strong security readiness. But sales either for resale or direct consumption below actual cost plus a fair proportion of fixed charges which drive out competing fuels constitute unfair competition and are inimical to a sound fuels economy.

The committee recommends, therefore, that appropriate action be taken that will prohibit sales by interstate pipelines either for resale or for direct consumption, which drive out competing fuels because the charges are below actual cost plus a fair proportion of fixed charges.

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3. Eminent Domain for Natural Gas Storage

The power of eminent domain for the acquisition of surface and mineral rights for the development of underground storage reservoirs should be granted subject to appropriate safeguards to protect the public safety, including the mining industry.

4. Crude Oil Imports and Residual Fuel Oil Imports

An expanding domestic oil industry, plus a healthy oil industry in friendly countries which help to supply the United States market, constitute basically important elements in the kind of industrial strength which contributes most to a strong national defense. Other energy industries, especially coal, must also maintain a level of operation which will make possible rapid expansion in output should that become necessary. In this complex picture both domestic production and imports have important parts to play; neither should be sacrificed to the other.

Since World War II importation of crude oil and residual fuel oil into the United States has increased substantially, with the result that today these oils supply a significant part of the U. S. market for fuels.

The committee believes that if the imports of crude and residual oils should exceed significantly the respective proportions that these imports of oils bore to the production of domestic crude oil in 1954, the domestic fuels situation could be so impaired as to endanger the orderly industrial growth which assures the military and civilian supplies and reserves that are necessary to the national defense. There would be an inadequate incentive for exploration and the discovery of new sources of supply.

In view of the foregoing, the committee concludes that in the interest of national defense imports should be kept in the balance recommended above. It is highly desirable that this be done by voluntary, individual action of those who are importing or those who become importers of crude or residual oil. The committee believes that every effort should be made and will be made to avoid the necessity of governmental intervention.

The committee recommends, however, that if in the future the imports of crude oil and residual fuel oils exceed significantly the respective proportions that such imported oils bore to domestic production of crude oil in 1954, appropriate action should be taken.

The committee recommends further that the desirable proportionate relationships between imports and domestic production be reviewed from time to time in the light of industrial expansion and changing economic and national defense requirements.

In arriving at these conclusions and recommendations, the committee has taken into consideration the importance to the economies of friendly countries of their oil exports to the United States as well as the importance to the United States of the accessibility of foreign oil supplies both in peace and war.

5. Petroleum Refining Capacity

The Departments of Defense and the Interior should have studies made by their staffs and expert advisors as to the adequacy of present and prospective refinery capacity, both as to amount and dispersal, as well as other factors, to determine the need for any measures to maintain refinery capacity necessary for defense purposes, particularly the capacity operated by small, independent refineries.

6. Tax Incentives

a. Present tax provisions on coal, oil and gas production have been an important factor in encouraging development of energy sources at a pace about in keeping with demand. Further analysis and study by the appropriate branches of the Government should from time to time be made to review the amount and method of making such allowances to maintain proper relationships with continuing changes in other features of

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the tax law. Any changes which may be proposed in the future must be analyzed in terms of their probable effect on development of domestic resources needed for economic progress and national defense as well as the fiscal and tax policies of the Government.

b. Retroactive tax legislation and special relief provisions should be avoided.

c. Accelerated amortization should be used only to insure the maintenance of a sound mobilization base for energy supplies.

7. Research and Development Program for Coal

We recognize that coal is a great national asset and endorse a cooperative study to determine what research and development could be undertaken. The coal industry and both Federal and State governments should participate in this study and its cost.

8. Unemployment and Business Distress in the Coal Industry

We recognize that serious unemployment and business distress exist in the coal industry and recommend that the Interdepartmental Committee on the Soft Coal Industry be continued for the purpose of developing for Cabinet consideration specific action programs to alleviate these conditions.

9. Coal Freight Rates

In order to maintain coal's vitality as an instrument of national defense by improving currently its ability to compete with other fuels, the railroads, by voluntary action, and, in the absence thereof, the Interstate Commerce Commission, by compulsory order, should adjust freight rates to the extent necessary to remove the excessive and disproportionate contribution that coal rates are making to meet the cost of other unprofitable services of the railroad industry. Train load rates should be established to reflect the lower costs of such service.

10. Coal Exports

a. The Government should urge foreign governments to reduce unreasonable discriminatory restrictions against imports of U. S. coal.

b. The Government, when making foreign loans, should use its best efforts to obtain provisions to prevent discrimination against U.S. coal. Discrimination would be judged to exist when U. S. coal imports are disallowed despite its availability at costs no higher than foreign coal.

c. The Government should expedite efforts to establish credits through the Export-Import Bank to foreign banking institutions in countries where there is reasonable prospect of repayment so that American coal exporters can offer more competitive payment terms to foreign customers.

d. Where U. S. coal can be supplied competitively with other available coal, the Government should use its best efforts to enlarge the participation of U. S. coal in the foreign aid program.

e. The Government should compensate for higher shipping costs when incurred as a result of the requirement that 50 percent of all shipments be in United States ships at fair and reasonable United States market rates.

11. Mobilization Requirements for Coke

The Committee believes that present and prospective rates of shutdown and dismantling of slot-type coke ovens will leave inadequate coking capacity to support full mobilization production of steel and other essential wartime industry.

On the basis of national security, coke requirements can only be met if the Office of Defense Mobilization is directed to prepare plans to make the necessary arrangements and tests to expand coke production rapidly in the case of an emergency.

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12. Government Fuel Purchasing Policy

In working out a more consistent and equitable coal purchase policy, the following steps should be taken:

a. The Secretary of Labor under the Walsh-Healy Act should pursue his present policy of making determinations of wage standards applicable in the coal producing areas and should establish these standards at the earliest practicable date.

b. The Government agencies should, to the extent practicable, purchase not less than 75 percent of their estimated annual coal requirements on a contract basis.

c. All Government agencies purchasing coal should, prior to and after the award of the contract, verify the quality of the coal offered and supplied to the agencies.

d. All Government contracts for the purchase of coal should contain appropriate escalator clauses which protect the buyer and the seller.

e. In instances where it is not possible for a Government agency to take all the coal for which it has contracted, the deficit should be apportioned equitably among all participating contract suppliers without penalty to the Government.

f. Coal suppliers should be required to submit, along with their bids, proof of their ability to produce the requirements at the times specified.

g. All coal suppliers to the Government, regardless of size, should comply with the Federal Coal Mine Safety Act.

h. All transactions with the Government relating to coal purchases and supply should be public information.

i. The domestic fuel purchasing policies set forth above should be applied to purchases of coal by companies acting as agents for the Federal Government, as well as to purchases made direct by Government agencies.

Prior to the purchase of any fuel by a Federal Government agency having a large annual use of fuel, that agency should request advice from the Office of Defense Mobilization as to how this purchase can contribute to the maintenance of a strong mobilization base within the domestic fuels industry. The Office of Defense Mobilization should be directed by Executive Order to develop a mechanism for accomplishing this objective.

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THE WHITE HOUSE
WASHINGTON

SEE:

LIFE Magazine, October 4, 1956

The Dwight

THE WASHINGTON POST *and* TIMES HERALD 39
Thursday, February 23, 1956

The Washington Merry-Go-Round

18 Tanks Feared Going to Egypt

By Drew Pearson

Reason for the Israeli concern over the 18 tanks shipped to Saudi Arabia is quite simple, also quite important.

Pearson

Egypt and Saudi Arabia operate virtually under the same military command. The Egyptian military mission in Saudi Arabia is larger than the American military mission. The new Egyptian constitution proclaims that Egypt is "an integral part of the Arab nation," which Premier Nasser defines as stretching from the Atlantic Coast to the Gulf of Persia, the inference being that Egypt is building up an Arab super-state which she will dominate.

It was Egypt which fomented the riots in Jordan, also against the British and American embassies because of Jordan's adherence to the Bagdad Pact. On top of this, intelligence reports indicate that Egyptian agents are now trying to woo King Saud of Saudi Arabia.

So far he has resisted, with the result that Premier Nasser's agents are warming up to one of the King's younger and disgruntled brothers in an effort to stir up a palace revolt.

Behind this is the fact that Egypt, one of the poorest nations in the Near East, envies the tremendous wealth of oil-rich Saudi Arabia and would like to wrap an enveloping arm around that area.

So far, they have succeeded in getting King Saud to advance some of his oil royalties to pay for part of the Communist arms imported from Czechoslovakia. It's also suspected that the 18 tanks, part of a shipment of 36, will be transferred immediately after arrival from Saudi Arabia to Egypt. Significantly, Egypt tried to buy 40 tanks from the United States several months ago and was turned down. Shortly thereafter, Saudi Arabia ordered 36 tanks.

Note—Despite this background, Prime Minister Eden, during his talks with John Foster Dulles, urged that Israel cede the southern part of the Negev to Jordan. This, for the first time in history, would create a land bridge connecting Egypt, Jordan, and Saudi Arabia. It's easy to understand why Egypt should want this land bridge. It's hard to understand why England is promoting it.

Inside the Cabinet

President Eisenhower deserves a lot of thanks for bolstering the deteriorated morality of the Senate by putting his finger on the gas lobby. He arrived at that decision on his own. However, it is also interesting to know the reaction of his Cabinet when he asked their opinion.

Ike did not take a formal vote. He merely asked their views.

First to speak up was Postmaster General Arthur Summerfield, who comes from Michigan, a big user of natural gas. He strongly favored a veto.

Secretary of Defense Charles E. Wilson, who also comes from Michigan, likewise favored a veto, though he was not so vigorous. Secretary of the Treasury Humphrey, who comes from the gas-consuming city of Cleveland, expressed a similar view.

Some Cabinet members, such as Secretary of Agriculture Ezra Taft Benson and Health Secretary Folsom, were noncommittal. The subject was somewhat outside their bailiwick. The only Cabinet member who actually opposed a veto was Secretary Douglas McKay, who has consistently stood with the big utilities in his administration of the Interior Department.

Significantly, the Cabinet member who most energetically favored the veto was Attorney General Herbert Brownell. He argued at some length. Brownell is a former chairman of the Republican National Committee and one of Ike's chief political advisers.

The fact that he and Summerfield, also a former GOP national chairman, were strong for urging a veto may be significant. Obviously they were thinking political terms, and the effect on the electorate if Eisenhower ran again.

Note—Most surprising opinion of all was that expressed by Vice President Richard Nixon. He also favored a veto—despite the fact that 15 California oilmen kicked in to his $18,000 personal expense fund, and despite the fact that he has performed favors for the oil-gas industry while in Congress.

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The Washington Merry-Go-Round

THE WASHINGTON POST *and* TIMES HERALD
Tuesday, March 6, 1956 49

ers . . . Chalk up an error for this column in reporting some details of the Eisenhower Cabinet meeting which recommended a veto of the gas bill. Secretary of Defense Wilson was not present, as reported. He was in Miami, but sent word that he favored a veto. Also Postmaster General Summerfield did not speak out for a veto as reported. Secretary of the Treasury Humphrey and Attorney General Brownell, as previously reported, were the chief advocates of a veto . . . Another factor which influenced the veto which I failed to report was that his own campaign had received important contributions from the gas-oil men. This helped to put him on record against the gas lobby in no uncertain terms. It was wise strategy, because already it has leaked out that the Kecks of Superior Oil contributed to Citizens for Eisenhower. The full story is involved but highly interesting.

The Gas Story

Among those who first urged Ike to run for President were Sid Richardson and Clint Murchison of Texas, two of the wealthiest oil-gas men in the world. They went to Paris when he was in command of SHAPE, literally camped out there, begging him to run. Later they picked up some of the pre-convention campaign expenses Ike incurred in getting ready to run.

They have not only been heavy contributors but good friends. This was why Mr. Eisenhower telephoned them in advance to tell them he was sorry but he had to veto the gas bill.

On top of Richardson and Murchison, scores of other oil-gas men dumped hundreds of thousands of dollars, probably well over a million, into Ike's campaign. They carried Texas and Oklahoma, normally Democratic. Of course they "liked Ike." But they also understood from Jack Porter, Ike's No. 1 money-raiser in Texas, that he would undo Harry Truman's veto of the gas bill.

So shortly after the election, careful plans were made to put across a new gas bill.

Characteristically, Mr. Eisenhower apointed a Cabinet committee to study the matter. Official chairman was Defense Mobilizer Arthur Flemming, but actually the committee was run by Secretary of the Treasury George Humphrey. Other members were Attorney General Brownell, Secretary of State Dulles, Secretary of Defense Wilson, Secretary of the Interior McKay, Secretary of Commerce Weeks and Secretary of Labor Mitchell.

Oilmen at White House

Under Humphrey's influence the committee called in the oil industry to write the recommendations. Those who actually came into the White House to work on the project were:

Cecil Burrill, chief economist for Standard Oil of New Jersey; Richard Gettell, chief foreign economist for the Texas Co.; Richard Gonzalez, treasurer of Humble Oil & Refining; Robert Hardwicke, Fort Worth oil attorney; Minor Jameson Jr., assistant to the president of the Independent Petroleum Association of America; Serge Jurepev, assistant to the chairman of Continental Oil; Edmundson Parkes, vice president of United Gas Pipe Line; C. Pratt Rather, president of Southern Natural Gas; and John Warren, vice president of the National City Bank and a member of the National Petroleum Council.

These men were not paid by the Government, but remained on the payrolls of their oil companies while drafting their recommendations for the White House. Needless to say, they came up with proposals benefiting the oil industry by many milllions of dollars. Their recommendations were not only stronger than the gas bill voted by the Senate, but were accepted hook, line and sinker by Secretary Humphrey.

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ADMINISTRATIVE MARKING
E.O. 11652, Section 1
By Jbc NLE, Date 11/20/78

MINUTES OF CABINET MEETING

March 2, 1956
9:00 A. M. -- 11:00 A. M.

The following were present:

President Eisenhower

Vice President Nixon
Sec. Dulles, in part
Sec. Humphrey
Deputy Sec. Reuben Robertson
(for Sec. Wilson)
Mr. Brownell
Deputy PMG Maurice Stans
(for Mr. Summerfield)
Sec. McKay
Sec. Benson
Sec. Weeks, in part
Sec. Mitchell
Sec. Folsom

Deputy Director Brundage
(for Mr. Hughes)
Dr. Flemming
Chairman Young

Under Sec. of Commerce
Walter Williams, in part
Mr. Erwin Seago, Director, Office
of Strategic Information, Commerce
Dr. Alan Waterman, Director,
National Science Foundation

Mr. Herman Phleger, Legal
Adviser, State Department
Hon. Allen Dulles, CIA, in part
Adm. Strauss, AEC

Gov. Adams
Gen. Persons
Gov. Stassen
Mr. Dillon Anderson
Mr. Shanley
Gov. Pyle
Mr. Wm. Jackson
Mr. Morgan
Mr. Martin
Mr. Harlow
Dr. Hauge
Mr. McCann
Mr. Murray Snyder
Col. Goodpaster
Mr. Rabb
Mr. Patterson
Mr. Minnich

Arab - Israel Dispute - At the President's request, Sec. Dulles very confidentially informed the Cabinet of the extremely difficult situation faced by the West in this regard. The matter had come into the hands of the West earlier and those countries were attempting to maintain a balance between the two disputing parties. The situation was then complicated by the introduction of Soviet armaments which in a few more months will make of Egypt a threat to Israel. Sec. Dulles stated American policy as seeking to preserve the existence of Israel but also to preserve access of Western Europe to oil resources in the Mid-East.

Sec. Dulles noted that Israel, because of limited manpower, could not win any armaments race. He then emphasized that the United States

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PORTIONS EXEMPTED
E.O. 11652, Sec. 5 (B) (3)
GSA-FPA 11/2/78
NLE Date 11/20/78
The Dwight D. Eisenhower Library

could not tell the whole story and thus justify its actions publicly because that would strengthen Egypt's hand. Consequently, the United States was acting through diplomatic channels and the United Nations.

Sec. Dulles did not exclude the possibility of a certain amount of arms aid to Israel but was anxious that any aid be given in such a way as not to jeopardize diplomatic discussions or inspire the Arabs to seek more arms from Russia.

SEATO Meeting - Sec. Dulles called attention to the forthcoming SEATO meeting which he hoped would result in greater vitality for that organization. He said that SEATO was organized on a military basis, did not include Japan nor India, hence did not lend itself to an economic program of the nature recommended by certain members.

The Secretary then listed his visits to nine other countries in the eleven days following the SEATO meeting.

Protection of Strategic Information - For the purposes of informing the Cabinet of progress, Sec. Weeks introduced Mr. Seago who described in detail achievements thus far and areas remaining to be covered in this program for obtaining more strategic information from Russia. He emphasized repeatedly that our efforts were not designed to cut off information from the American public but rather to make it less readily available to the Russians except in exchange for their information.

Mr. Seago indicated that Government publications were becoming more discreet but numerous guide lines remained to be formulated. With regard to international exchanges, further work seemed necessary as to the initiations of exchanges by the United States, evaluation of exchanges, and dissemination of foreign technology received in exchanges. With regard to expanding cooperation among Science, Industry, and Government he noted some progress but commented on the irony that private organizations seemed thus far more cooperative than governmental.

Sec. Weeks emphasized the need for Cabinet cooperation in making the program effective.

The President recalled his own horror of indiscreet disclosures and publication of new information. Sec. Benson noted recent newsreel pictures showing a British missile in much detail. The President expressed surprise and wanted to check on whether this might be a calculated "leak". Sec. Robertson explained how Defense had attempted to desensitize the Life Magazine article on missiles. The Vice President commented on how effectively the British and Canadians maintain official secrets despite the illusions of civil rights groups to the contrary.

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By bc NLE, Date 11/20/78

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E.O. 11652, Sec. 5 (B) (3)
GSA-EPA 11/2/78.
NLE Date 11/20/78

Balanced Budgets - Mr. Brundage cited the delicacy of the balance of the 1956 and 1957 budgets. He referred to Defense military spending and CCC operations as those potentially most dangerous to the 1956 balance. He then mentioned the various Congressional actions which could unbalance the 1957 budget.

The President commented that this year the Administration might well take a firmer position on particular items without regard to anticipated date of adjournment. Congress might well be held in session until proper legislation was forthcoming. The Vice President agreed.

Mr. Brundage reported that there were not as yet any violations of the recent Cabinet guide lines that would result in supplementals, even though Congress had tried to encourage several independent agency officials to ask for additional funds. He noted a marginal action of the Home Loan Bank Board which he thought might have resulted from a feeling that the Agency was not subject to Executive control. The President promptly inquired as to terms of appointment and removal.

This discussion prompted Sec. Humphrey to speak at length on the need for holding the line against additional expenditure and to assert that the balance or imbalance of the 1956 budget was entirely in the hands of the Administration. With regard to 1957 and the years beyond that, he emphasized that American business was entering a period of severe competition with foreign firms under the disadvantage of higher labor costs and higher taxes in the United States. He felt that high taxes were changing our whole way of life.

Sec. Humphrey then said that no stock should be put in any theory that the Administration has solved the problem of preventing swings in the economy, and he concluded with a particular reference to farm and welfare programs which he thought had to be reappraised and treated on a descending scale.

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E.O. 11652, Section 1
By BHC NLE, Date 8-9-76

The President noted that taxes were applied to profits after costs had been met, but recognized that the tax factor creeps in to the procurement of materials all along the line. Sec. Humphrey then commented on how the United States Government depends more than any other country on profit for its income. Sec. Folsom stated that HEW increases were mainly in research which he considered a good investment. The President thought the greatest care had to be taken to prevent an increase of administrative costs -- which Sec. Humphrey admitted was only a small item.

Sec. Benson stated his enthusiastic agreement with Sec. Humphrey, commenting that our economy is in peril since we are doing no better than breaking even in a period of great prosperity. He went on to say that the 1956 budget was still subject to crop quantities and market prices, and commented on the difficulty of getting Congress ever to approve any reduction recommended by the Agriculture Department.

Sec. Humphrey feared that only bad times might suffice to reorient policies. The President reflected that bad times would necessitate an increase in governmental spending and the Vice President commented on traditional "swings to the left" during depressions. Gov. Stassen believed the important factor to be the continued growth of the country so that the relationship of the national debt and taxes to the total national income would be improving rather than degenerating.

The President reported the comments of an acquaintance who complained that the primary qualification of a business man at the present time seemed to be the ability to organize for a minimum of taxes. The President agreed that there was no question but what our taxes are too high.

Sec. Robertson noted how Defense spending had increased for certain things but balanced out by the later timing of deliveries for MDAP. He cited also the need to recognize the human elements involved in cutbacks and the consequent need for gradual transitions. Gov. Stassen thought that the 1956 balanced budget might be helped by a readjustment of "progress payments" to aircraft producers. Secretaries Humphrey and Robertson stated that that had been done.

Operation Alert 1956 - Mr. Flemming noted the June date scheduled for Operation Alert and called attention to the possible conflict with the arrival of a distinguished foreign visitor and also Congressional session end activity. He thought the end of July and the beginning of August might be a better time. The President was not greatly concerned with the first consideration but did think it important to give Congress a chance to participate, and he directed that the Leadership of both parties be consulted as to their wishes.

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E.O. 11652, Section 1
By DHC NLE, Date 8-9-76

Cabinet Minutes, March 2, 1956 - page 5

Sec. Humphrey questioned the necessity of carrying the exercise through an entire week. The President cited the need sooner or later for a lengthy exercise but agreed that it might in this instance be limited to five days. Dr. Flemming thought the exercise might be carried over a week end, thus minimizing disruption of normal business.

Dr. Flemming indicated that he would consult the Congressional Leadership and that the date would in the meantime remain undecided.

* * * *

The meeting was concluded by the Vice President's remark on the greater cooperation now evident among Members of Congress, and the President's comment on the unreality of references to a Taft wing or an Eisenhower wing of the Republican Party.

LAM
L. A. Minnich, Jr.

Copies to:
Mrs. Whitman (2)✓
Mr. Rabb
Mr. Minnich

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THE WHITE HOUSE
WASHINGTON

MEMORANDUM FOR THE PRESIDENT

SUBJECT: Tentative Cabinet Agenda for March 2

The following items are tentatively scheduled, subject to your approval, for the agenda of the next Cabinet Meeting -- Friday, March 2, 1956:

1. Comments on the Forthcoming Visit to Southeast Asia — The Secretary of State

The Secretary of State has suggested that it might be useful to the Cabinet to have some observations from him on the objectives of his imminent trip to Pakistan, India and other Asian countries.

PRESENTATION TIME: 10 minutes

2. The FY 1956 Budget - Status Report — The Director, Bureau of the Budget

As you are aware, Director Hughes and Secretary Humphrey believe it essential between now and July to give a monthly status report to you and the Cabinet on the "razor's edge" balance of the current FY 1956 budget. These brief reports, of which this is the first, will be given as soon as each month's figures are available. Such occasions will also provide the opportunity for review and necessary action concerning any actual or potential slippages in expenditures which might affect the overall balance.

PRESENTATION TIME: 5 minutes

3. **Policies Concerning Strategic Information** The Secretary of Commerce

This item concerns the handling of technological information which is unclassified yet of strategic value. The problem is to find the proper balance between the necessary free flow of such information and the protection of the national security.

A year ago, the Cabinet was given a briefing on this subject, in which you evidenced great interest, by the Director of Commerce's Office of Strategic Information. It is this Office which is charged with developing Executive Branch policies for handling such information, and with enlisting the support of private industry and science to cooperate with those policies. Nearly every Cabinet Department, not only those in the security field, is involved.

Several specific policies have now been worked out, which should have Cabinet review and your approval. A series of steps have been delineated for future policy development -- of which the Cabinet should be cognizant.

PRESENTATION TIME: 20 minutes

4. **Emergency Action Papers** — The Special Counsel

Our experience with OPERATION ALERT, 1955 underscored the need for clearly understood procedures for handling those papers which you must sign immediately in an emergency. A proposal has now been drawn up (CP-45) specifying how such papers are to be prepared, staffed, reviewed, screened and kept available for immediate use. Mr. Morgan will present this item to the Cabinet, since full Cabinet cooperation will be needed to make these procedures work.

PRESENTATION TIME: 5 minutes

5. **Operation Alert, 1956** — The Director, Office of Defense Mobilization

You have recently approved Dr. Flemming's proposal for an operation similar to last June's relocation exercise, but broader in scope, scheduled for early next summer. As you requested, Dr. Flemming will briefly put the Cabinet Members on notice about this event. He will raise specific questions at subsequent Cabinet meetings.

PRESENTATION TIME: 5 minutes

6. **Cotton Export Policy** — The Secretary of Agriculture

Last August, after two rounds of Cabinet discussion, you decided to authorize the export sale in early 1956 of

1,000,000 bales of lower quality surplus cotton at bid prices below the domestic support level. Nearly 800,000 bales of this offering have now been sold -- at prices averaging 8¢ below the domestic support level. World prices for such cotton however have not declined, but have even increased slightly.

The Secretary of Agriculture now proposes that we offer surplus cotton for sale on a bid basis without restriction as to quality or quantity. The acceptance of bids would be with due regard for world market prices and for our national security interests. It is felt that the announcement of this offer should come very soon, before the world planting season arrives. Delivery, however, should be stipulated for after the beginning of the new marketing year (next August 1) since such a considerable change in our offerings, half-way through a marketing year, would cause unjust and serious difficulties in the world cotton trade.

The Council on Foreign Economic Policy is giving this proposal staff review, but recommends Cabinet consideration of it on March 2.

PRESENTATION TIME: 10 minutes

Since items 1-5 so directly concern them, I am planning to invite Messrs. Strauss and Allen Dulles to attend the meeting; Dr. Waterman of the National Science Foundation will be invited for item 2.

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Maxwell M. Rabb
Secretary to the Cabinet

XXV ARCHIVALBOND 25% COTTON

EXECUTIVE OFFICE OF THE PRESIDENT
BUREAU OF THE BUDGET
WASHINGTON 25, D. C.

February 23, 1956

MEMORANDUM FOR THE PRESIDENT

At the Cabinet meeting of January 16 you emphasized the necessity for support of the President's budget estimates by Executive Branch witnesses preparing to testify on appropriations, and your further suggestion quoted below was made part of the minutes:

> a) That the ten examples cited in the attachment to CP - 44 be called to the attention of each Executive Branch witness preparing to testify on appropriations;
>
> b) That Department and Agency Heads ensure that each such witness is well enough acquainted with the Administration's overall budget objectives so that he can understand them fully, can appreciate the group decision which they represent, and can support them from personal conviction.

I was instructed to see that independent agencies not present at the Cabinet meeting were reminded of this necessity of supporting the President's budget estimates. Either my principal assistants or I saw each one of the heads of the 41 agencies considered in this category. They all thoroughly endorsed our budgetary program and each pledged his complete support and the support of witnesses from his agency on the basis suggested. It appears that these pledges are being carried out, with the single exception of the Federal Home Loan Bank Board, which has laid before the House Appropriations Committee an explanation of financial needs in excess of the budgeted amounts. A list of the agencies with whom we took up the overall budgetary question is attached; a separate report has been forwarded to Governor Adams relative to the action of the Federal Home Loan Bank Board.

However, it is recognized that the key to the success of the Administration's efforts to maintain its balanced budget position against direct and indirect attacks, including those of organized spending groups, will be primarily the position taken by, and the actions of, the departments and agencies whose heads sit around the Cabinet table. These agencies are responsible for the principal

XXV ARCHIVALBOND 25% COTTON

spending operations of the Government and they also set a pattern which is quickly picked up by the non-Cabinet agencies. If we are to succeed there must continue to be close adherence to the '57 budget proposals and programs as hammered out and agreed to in the Budget sent up to the Congress a little over a month ago. The necessity to stand firm on amounts and programs is even more marked in connection with the '56 fiscal year, which is now well along and about to go into its last third. Furthermore, we suspect that the opposition is not only unenthusiastic over the Administration's receiving credit for balancing the budget, but it is reported that they will attempt to step up expenditures in various ways if there is a good likelihood of the responsibility for such increases being laid at the door of the Administration through its agencies. The suggestion to an agency spokesman that more money than that assigned in the budget could be used advantageously for his pet program may not be as innocent as it appears.

We have been following the practice that if a real need for more money than is provided for in the Budget has developed for a particular item, it must be on the basis of a priority in demand and urgency that justifies reducing some less essential item unless the increase can be supported, as may often be the case, by legitimate savings that have come to light through the constant efforts of the agency people to develop savings wherever this is possible. So far we have been able to maintain the integrity of the budget fairly well, and, furthermore, the bills on which action has been taken to date in committees or on the floor of either House have not resulted in any real upset of the expenditure total.

We are now coming into the crucial testing period. I regret to say that a good many demands for supplementals have been or are being advocated within some of the departments. So far, I am very glad to report, the Secretaries and other agency heads have stood quite firmly on Administration policy and the balanced budget. I honestly do not see how they could do otherwise, since their budgets were not imposed on them but were arrived at in complete consultation and agreement with them, even to the extent of our leaning over quite a bit backwards to make certain they had everything necessary and essential for which they asked. Nevertheless, as the year proceeds, the pressures from individual members and groups of members of the Senate and the House, from the committees, and from the spending pressure groups outside become ever more severe and insistent. Each time we give in on an item makes it harder to resist on the others, and if we are to succeed we shall have to renew our resolve to stand firm on the budget totals sent to the Congress and make it clear that it is the President's policy to maintain this position.

Recommendation

The Bureau of the Budget is scheduled to make a progress report on the FY 56 and FY 57 Budgets at the next Cabinet meeting (March 2). It would be extremely helpful to us if subsequent to that report you would reaffirm the policy outlined in the meeting of January 16 concerning support of the President's budgets for both '56 and '57, including strict adherence to the overall expenditure allowances, stressing particularly that offers by congressional committees of additional amounts for agency budgets should not be agreed to unless they are offset by other acceptable reductions or savings which will keep agency totals intact, or by additional revenues, perhaps in some form of user charges to cover the additional expenses (e.g., the new highway program). Also, I think it would be extremely helpful if you would once again reiterate that not only the Secretary or head of the department but all those who appear before the committees should become thoroughly informed and convinced concerning the soundness of the Administration's overall budget objectives so that they will be properly supported.

Rowland Hughes
Director

Attachment

Letters were sent to the
heads of the following agencies by hand
to inform them concerning
action in Cabinet Paper No. 44

American Battle Monuments Commission
Army - Corps of Engineers
Atomic Energy Commission
Central Intelligence Agency
Civil Service Commission
Council of Economic Advisers
D. C. Commissioners
Export-Import Bank of Washington
Farm Credit Administration
Federal Civil Defense Administration
Federal Communications Commission
Federal Home Loan Bank Board
Federal Mediation and Conciliation Service
Federal Power Commission
Federal Trade Commission
Foreign Claims Settlement Commission
General Services Administration
Housing and Home Finance Agency
International Cooperation Administration
Interstate Commerce Commission
National Advisory Committee for Aeronautics
National Capital Planning Commission
National Gallery of Art
National Labor Relations Board
National Mediation Board
National Science Foundation
National Security Council
Panama Canal organization
President's Advisory Committee on Government Organization
Railroad Retirement Board
Renegotiation Board
Saint Lawrence Seaway Development Corporation
Securities and Exchange Commission
Selective Service System
Small Business Administration
Smithsonian Institution
Tariff Commission
The Tax Court of the United States
Tennessee Valley Authority
United States Information Agency
Veterans Administration

3/2/56

Mr. President and Members of the Cabin

One of the basic problems for the government, as highlighted by N.S.C., is that too much of our economic, industrial, technical, and scientific information is going to the Soviet bloc This is a serious problem requiring the attention of the entire government.

Russia and its satellites are doing an amazingly successful job of preventin the transmission abroad of their own scientific and technical data and are at the same time collecting unchecked the cream of the free nations' technical information.

In coping with this matter we have to keep in mind, another basic fact and that is the freedom which information must have in our way of life.

The farthest thing from our minds is to get into a position where we are aping the Russians in setting up controls and barriers. We would lose far more than we would gain.

Our approach is not negative, but positive. We want to increase the flow of technological information from the Soviet countries to the free world. We are trying to find the best possible means of achieving this - and at the same time of avoiding harm to the national defense.

Respecting our own position, we can state our positive responsibilities here as flowing from the twin needs:

1. Maintaining the flow of such information to our own people.
2. Avoiding harm to the national defense.

All of the difficult problems with which we are concerned in this area deal with nonclassified information. ✓

Specifically the three problems assigned by N.S.C. to the Department of Commerce for policy implementation have to do with:

1. Government publications
2. International exchange of government information
3. Industry, Science, Government-cooperation.

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We have programs designed to minimize these problems but, in order for the programs to be effective, the active cooperation of the leaders of government sitting at this table is necessary.

We will first consider government publications. The job here is to strike a balance between the public's need to know, and the aid to potential enemies that may result from the release of such information.

In order to do this there is need for prudent and uniform action throughout the Executive Branch of Government.

Here is our six-point program with respect to government publications. Working together with the interested agencies, we have developed policies covering the first two points checked in red; the remaining four are still under study.

The first policy guide under Government Publication relates to Defense contract information. Here our purpose is to give the American businessman the necessary information on defense procurement while at the same time eliminating the release of information harmful to the national defense.

This is accomplished by eliminating overly specific descriptions and quantities on awards and procurement offers concerning new weapons and special installations.

For instance, the first indication of a classified radar project on our Southwest borders was revealed through a Government publication where bids were solicited for construction of an "aircraft early warning station" at

Stillwater, Texas. If words such as "special installation" had been substituted for the words, "aircraft early warning station" harmful information would not have been divulged.

The second policy guide which has been developed has to do with aerial photographs. This policy guide is to establish uniformity in Government and designates the Defense Department as the central place where all Government aerial photographs, (not just Defense Department photographs) are to be reviewed prior to publication or public display.

Full implementation of this policy is awaiting Defense Department action on the mechanics thereof.

I should point out that this policy does not mean that aerial photographs are not to be released for necessary use by our own people for such use as farming, engineering and city planning.

Policy guides are yet to be developed covering maps and charts, technical reports, annual reports and various other reports of the Executive agencies of the Government.

The next major program which also needs full cooperation concerns the international exchange of nonclassified government information. There has been a trickle of information flowing from the Soviet bloc to us but there has been a river of information from the United States to the Soviet bloc.

Our objective here is not to decrease the flow but to gain a net advantage from this exchange.

This can be done only by uniting our efforts in all departments and agencies for the purpose of obtaining value for value - by placing exchanges more and more on a quid-pro-quo basis.

In this job of international exchanges we have a five-point program of which two policy guidelines have been initiated in collaboration with the interested agencies.

The first policy guide under this program is for the handling of Communist requests for nonclassified government information which has been published.

Published technical data has been under statutory control by the Department of Commerce since September 6, 1951, at which time a general license was authorized for the flow of this technical data to all destinations.

This policy encourages the exchange of published government information with the Soviet bloc but contemplates that specific information of value will be obtained in return.

For example, the Department of Labor received a request from Poland for information on "employment testing" in the United States. We advised the Department of Labor that in furnishing the information it should request in return a Polish pamphlet on "Socialist Labor Discipline" which the U. S. had not been able to obtain. The requested information was received and furnished to the appropriate government agency.

The second policy guide has to do with the handling of Communist requests for unpublished non-classified government information. By unpublished information we mean, information that is not published by the Government, but which is available to our own people upon request. Examples are, Government Research Reports such as, "Rotary Wing Aircraft Handbook and History" and "Military Control Specifications for Electronic Tubes".

Unpublished technical data has also been under statutory control by the Department of Commerce since September 6, 1951, but in this instance, a validated license is required for this type of data to flow to the Iron Curtain countries.

This policy provides that under these specific export controls, unpublished government information will be furnished to Soviet bloc requestors only after definite exchange arrangements have been completed for equally valuable information.

Now to answer a usual question - how does one identify a request from the Soviet bloc and of what use are these two policies if he cannot be identified?

Some requests are easy to identify, such as direct correspondence from nationals in a bloc country, or direct requests from registered agents in this country. The Government Printing Office received 10,000 requests last year from one such agent.

The Government has lists of individuals and organizations known to be bloc exporters; checks are made by some agencies of unusual or suspicious requests; the FBI keeps Government informed of collection activities of known Soviet agents.

The State Department expects Iron Curtain representatives in the United States to properly identify themselves when requested to do so.

In all government sales outlets a sign drafted by the State Department will be placed, requesting representatives of foreign missions to identify themselves. Failure to properly identify themselves upon request could lead the Department of State to take appropriate disciplinary action.

We are to remember that we are dealing here only with unclassified information. We know, of course, that we cannot entirely shut off the availability of such information to the Communists. (They have been known to obtain even our classified information.) They can use new agents, letter drops and numerous other tactics. But we do not have to give our strategic information to them on a silver platter. We can make it more difficult for them.

Any action we take is an improvement over the existing situation and we are already reaping benefits from this approach.

To make effective these two recently developed policies a list is being compiled of specific Soviet bloc publications and items of information which we do not have in this country and which we want. This is the first time that this has been done in Government. The preparation of such a list needs the aid of the entire Executive Branch and it is by such a list that the Government can be business-like and specific in this job of international exchanges.

It is our belief that the United States should take the initiative in arranging exchanges of information rather than wait for requests from the Soviet bloc. How to do this is on our list to consider.

We are developing a mechanism for evaluating the information received in exchange. Only in this way will we be able to determine whether we are getting value for value, quid-pro-quo, and a net advantage.

Logically, another step follows and that is the dissemination of the foreign technological information received in exchange. This may well be one of the most important aspects of the overall program. Information so received must be made available to industry and science in the United States, and for it to be made available translation may be required.

Our long range exchange program is just good business. It is common sense. It does not invite retaliation. It furnishes the best method of overcoming the existing imbalance.

While this exchange program with the Soviet bloc is of primary concern, we are not overlooking the improvement of exchanges with friendly countries.

The third job charged to Commerce is to enlist the cooperation of industry and science with the policies which the Government will follow in these areas of publication and exchanges.

The problem here is to foster the technological growth of our country by increasing the flow of information to our own people without harm to national defense.

To do this it is necessary to solicit on a voluntary basis the cooperation of industry and science in carrying out policies being followed by the Government.

✓

In this job we have a four-point program of which three have been initiated.

In the effort to create an awareness to these problems there was much criticism levelled originally at the Government and there was some hue and cry of censorship. The press took the position that the Government should put its own house in order before asking the voluntary cooperation of industry and science. With this suggestion we must agree.

As a result of creating this awareness in industry and science, we have received and answered over 1,000 inquiries on publication and exchange problems.

In securing the aid of industry and science you will be interested in learning, as I was, that except for the publication media itself, we have had greater cooperation from industry and science than we have had from Government itself.

An example is where the representatives of the Industrial Aerial Photographers met with our staff and voluntarily adopted a policy on aerial photographs. The policy adopted by this industry is to educate the public as to the strategic importance of aerial photographs by stamping photographs sold with a legend to the effect that discretion should be used in their publication.

This particular industry has decided to report periodically sales of photographs in instances where their suspicions are aroused.

We have also secured the aid of the International Association of Industrial Editors in following the Government's policy on handling requests for published information.

Finally, it is important to enlarge the sphere of cooperation on the part of industry and science in accepting policies on a voluntary basis which are designed to improve the free flow of information to our own people and at the same time, eliminate harm to the national defense.

I would re-emphasize that the three programs which we have described do not prevent or deny, but on the contrary promote the publication and exchange of information where the defense interests of the United States will not be harmed.

CABINET PAPER—PRIVILEGED

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CA - 56-47

March 7, 1956

The White House

Washington

THE CABINET

Agenda

9:00 A.M., Friday, March 9, 1956

1.	Progress With Respect to the Hoover Commission Recommendations	(Oral)	The President
2.	Report on Racial Tension and Civil Rights	(Oral)	The Director, Federal Bureau of Investigation
3.	The Civil Rights Program	CP-56-48	The Attorney General
4.	Federal Employees' Major Medical Expense Insurance	CP-56-15/2	The Chairman, Civil Service Commission
5.	The Salk Vaccine -- Status Report	(Oral)	The Secretary of Health, Education and Welfare

Maxwell M. Rabb
Secretary to the Cabinet

CABINET PAPER

For Action

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RA - 56-47

March 9, 1956

The White House

Washington

THE CABINET

Record of Action

The following is the action taken on the items presented at the Cabinet Meeting of Friday, March 9, 1956:

1. Progress With Respect to the Hoover Commission Recommendations

ACTION: The President requested each Cabinet Member to convey to the Departmental officers engaged in evaluating Hoover Commission recommendations the President's personal desire that these recommendations should be implemented as fully and promptly as possible, with sound and sufficient reasons given for any rejections.

2. Report on Racial Tension and Civil Rights

ACTION: It was the sense of the Cabinet that, in order to help relieve the tense atmosphere, Administration statements on this subject should stress that the present need everywhere is for calmness, sanity and reason.

3. The Civil Rights Program: Proposed Statement of the Attorney General — CP - 56-48

ACTION: The President approved the Attorney General's sending to the Congress a statement embodying the four-point program contained in CP - 56-48, subject to:

a) a final review by the President and interested Members of the Cabinet of the language of the proposed statement, concerning which the President made some general suggestions.

b) Consultation with the White House Staff with respect to editing, timing, and mode of presentation to the Congress.

4. Federal Employees Major Medical Expense Insurance — CP - 56-15/

ACTION: Cabinet Paper 56-15/2 was approved.

RA - 56-47 (cont.)

5. The Salk Vaccine -- Status Report

/Information Item Only/

Maxwell M. Rabb
Secretary to the Cabinet

DETERMINED TO BE AN
ADMINISTRATIVE MARKING
E.O. 11652, Section 1
By DHC NLE, Date 8-9-76

MINUTES OF CABINET MEETING

March 9, 1956
9:05 A. M. - 10:50 A. M.

The following were present:

President Eisenhower

Under Sec. of State Hoover
(for Mr. Dulles)
Sec. Humphrey
Sec. of the Army Brucker
(for Mr. Wilson)
Mr. Brownell
Deputy PMG Stans
(for Mr. Summerfield)
Under Sec. of Interior Davis
(for Mr. McKay)
Sec. Benson
Under Sec. of Commerce Williams
(for Mr. Weeks)
Sec. Mitchell
Sec. Folsom

Deputy Director Brundage
(for Mr. Hughes)
Dr. Flemming
Chairman Young
Dr. Burns

Hon. J. Edgar Hoover, FBI
Hon. Warren B. Irons, CSC

Gov. Adams
Gen. Persons
Gov. Stassen
Mr. Dillon Anderson
Mr. Shanley
Col. Goodpaster
Mr. Morgan
Mr. Seaton
Mr. Wm. Jackson
Mr. Murray Snyder
Mr. Martin
Dr. Hauge
Mr. Rabb
Mr. Patterson
Mr. Minnich

Hoover Commission Recommendations - The President noted that Mr. Kestnbaum had reported his pleasure with the extensive application of Hoover Commission recommendations thus far. However, Defense Department was refraining from initiating action on a number of the recommendations for reasons that Secretary Wilson had explained. The President stated his belief that Secretary Wilson was correct in maintaining that the recommendations were not feasible because the task forces of the Commission had not considered all the factors involved.

Because of some indications that still more recommendations could be adopted and at a somewhat faster rate, the President asked each Cabinet member to intervene personally in behalf of faster action within his department.

Racial Tension and Civil Rights - Mr. J. Edgar Hoover gave an extensive report of the FBI's findings in the course of carrying out its

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responsibility for investigating cases of alleged violations of civil rights. He said that racial tension has been mounting steadily since the Supreme Court decision of May, 1954, and he emphasized particularly the inflammatory language being used by extremists on each side. In considerable detail he analyzed many of the factors involved, growth of new organizations, acts of violence, and threats of economic pressures.

Mr. Hoover wished to make clear the bright side of the picture stemming from the steady decrease of lynchings and expansion of integrated education.

Mr. Hoover concluded by stating his belief that mounting tensions can be met only through public education, calm judgment, and a real understanding of the complexity of the problem.

Civil Rights Program (CP-56-48) - The Attorney General recalled the statement in the 1956 State of the Union Message that a civil rights program would be submitted to the Congress by the Administration. In addition to the recommended fact-finding commission, the Attorney General now had ready recommendations for (1) changes in the voting law so as to extend its coverage to primary elections and also allow the Department of Justice to take action under civil law instead of only criminal law; (2) broadening of the general civil rights law to give the Department of Justice a greater choice of approaches to the problem; and (3) establishment of a Civil Rights Division in the Department of Justice to be headed by an Assistant Attorney General.

The President inquired whether this program would reopen the old constitutionality question concerning the anti-poll tax law. The Attorney General replied that such a law would require a constitutional amendment. The President commented on the right of the states to regulate elections, then inquired about the size of state representations in Congress when some members of the state are deprived of their vote. The Attorney General cited the existing machinery for decreasing representation in such cases. The President commented on his responsibility for seeing that the Constitution is enforced. He noted that the Supreme Court had allowed time for achievement of integration, and then expressed his disappointment that the time was being used up in statements of defiance rather than in constructive action.

Secretary Benson asked if it would not be better to await a Republican Congress before submitting these measures. The President noted that these requests were for "non-violent things". Secretary Folsom thought that the recommendations might be limited to the establishment of the commission so that no allegation could be made that the Administration was, in its other recommendations, anticipating the commission. He hoped that the President would find occasion to speak

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clearly on the need for calmness and moderation. He noted the complexity of the integration problem and its endangering of various HEW programs.

The Attorney General emphasized that the program would be recommended by the Justice Department, not by Presidential message, and he noted the desire of Republican Congressmen to have these recommendations.

Governor Stassen saw much merit in Mr. Folsom's remarks and cited the great danger of moving too fast. However, he believed that none of the Attorney General's recommendations had much chance of receiving Congressional approval, and he recommended that additional moderate action be taken by the appointment of a Special Presidential Assistant in this field. The Assistant, he thought, ought to be the President of a Southern university that had begun integration.

The Attorney General again stated Congressional anticipation of this program and also the need for attempting to get authority to proceed under civil law. Secretary Benson again suggested that only the commission recommendation be submitted.

The President emphasized the importance of having the Attorney General work into his presentation the same atmosphere of calmness urged by Mr. Hoover and of making very clear the Administration's understanding of the complexities.

Governor Adams stated the need for further discussion with the Attorney General concerning the timing and specific manner of presentation of the program. The President concurred and instructed the Attorney General to bring the proposed statement back for a final review prior to submitting it to Congress.

Natural Gas - The President stated his hope that sometime soon a gas bill acceptable to the Administration could be introduced in Congress whether or not it would receive early attention. He thought the Attorney General might take the recent bill and make the few modifications necessary to meet the President's objections. Secretary Humphrey asked that the timing of any such action be considered further, and the President said he had no definite ideas on that but had hoped a bill could be submitted.

Government Medical Program - (CP-56-15/2) - Chairman Young reported that the information requested at the last Cabinet discussion on this subject had been procured. Also, all the various alternatives had been finally reviewed and the Committee had come up with the same program recommended previously. Secretary Mitchell stated that he was withdrawing the reservations he had expressed previously and was willing to go along even though this program was somewhat ahead of industry practice. Mr. Stans stated that the Postmaster General had looked into the matter further and was now satisfied with the program.

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By 3HC NLE, Date 8-9-76

Secretary Hoover stated the concurrence of the Department of State but suggested careful attention to the coordination of Civil Service and Foreign Service interests. Chairman Young indicated that he and Loy Henderson could satisfactorily work this out with the Congressional Committees. The President gave final approval to the program.

Salk Vaccine - Secretary Folsom reported on the situation with regard to the adequacy of supplies of Salk vaccine for the coming months. He reviewed the various production difficulties, cited the prospects of rapidly expanding the output and made a conservative estimate that there would be available by the end of June a supply almost sufficient to give two shots to all people up to age sixteen.

L. A. Minnich, Jr.

Copies to
- Mrs. Whitman ✓
- Mr. Rabb
- Mr. Minnich

OFFICE OF THE DIRECTOR

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UNITED STATES DEPARTMENT OF JUSTICE
FEDERAL BUREAU OF INVESTIGATION
WASHINGTON 25, D. C.

March 9, 1956

BY COURIER SERVICE

Mr. Maxwell M. Rabb
Secretary to the Cabinet
The White House
Washington, D. C.

Dear Max:

In line with our conversation, I am enclosing a copy of the basic statement which I used in making my presentation at the Cabinet meeting this morning.

With best wishes and kind regards,

Sincerely,

Edgar

Enclosure

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DECLASSIFIED
Authority MR 76-127 DOCUMENT # 7
By DJH NLE DATE 1/13/77

~~CONFIDENTIAL~~

March 1, 1956

RACIAL TENSION AND CIVIL RIGHTS

INTRODUCTION:

The Attorney General has assigned to the FBI the responsibility of investigating allegations of violations of the Federal Civil Rights Statutes. In the investigation of these cases involving peonage and involuntary servitude, vote frauds and the depriving of a citizen of the right to vote; conspiracies to deprive others of rights and privileges guaranteed by the Constitution and laws of the United States; acts under color of law depriving persons of rights, privileges and immunities protected by the Constitution or laws of the United States and the investigation of subversive activities, the FBI has been brought into close daily contact with racial tensions and controversies. I shall therefore endeavor to present the background and development of the present situation concerning racial tension and related matters bearing upon Civil Rights.

Racial tension has been mounting almost daily since the Supreme Court banned segregation in public schools on May 17, 1954, and later, on May 31, 1955, required that integration be established at the earliest practicable date "consistent with good faith compliance." This mounting tension has manifested itself in overt acts on the part of individuals, organized resistance in legislative bodies, and the creation of organizations on a widespread basis in the South to resist integratio

In recent months, some of the opponents of integration have been using such terms as "preventing bloodshed," "there is going to be blood spilled," "bloodshed will come," "organized resistance," to mention only a few. Before

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12,000 persons at a citizens council rally on February 10, 1956, in Montgomery, Alabama, Senator Eastland urged resistance and claimed, "The Anglo-Saxon people have held steadfast to the belief that resistance to tyranny is obedience to God." Roy V. Harris, attorney and member State Board of Regents, told a Negro college gathering that if integration is forced on the South, "There will be bitterness, hatred and bloodshed." He then compared the NAACP to the post Civil War carpetbaggers. On the other hand, some of the proponents of integration have used terms such as "some white blood will flow too." Acts of violence against members of the white race have been advocated by at least one preacher and other talk of meeting resistance in the South has occurred.

In many areas, reason has given way to emotion. When such a situation exists, the potential for serious outbreaks of violence is ever present and can be triggered by incidents which in a calmer period would go unnoticed.

In recent weeks emotion has supplanted reason in an almost open and unheard of rebellion on the part of certain members of the Catholic Church against the local hierarchy over the issue of integration in Louisiana. A colored priest was banned from saying Mass at Jesuit Bend, Louisiana; a catechism class at Belle Chase, Louisiana, was disrupted and Negro children were forced to walk at the rear of a line of march from the classroom to the church; and a local political leader is reported to have put a Negro girl out of the church and cursed the priest. These incidents were investigated by the FBI at the direction of the Department of Justice.

Conflict Is a Part of History

The situation we face today does not represent an experience that is entirely new. History, tradition and economics are the basis for the present uneasiness and growing tensity.

Memories of the Reconstruction

Race relations still are affected by the deep and bitter feelings which have been handed down from generation to generation in the deep South. Memories of the Civil War period are being revived. There is still talk among some cultured and educated Southerners of rule by the "blacks," "carpetbaggers," and "scalawags."

It is a matter of historical significance that among the five states of Alabama, Florida, Louisiana, Mississippi, and South Carolina, where "black" voters were in a majority in the reconstruction period, we find our most troubled areas today, with the single exception of Florida.

If the bloodshed, which both the proponents and opponents of integration now discuss, is to be avoided, there needs to be real understanding and public education with regard to the factors contributing to ferment now taking place, which can boil over at any moment in acts of extensive violence.

Among the chief causes advanced for resentment against integration in the South are the following:

1. There has been a lack of objectivity and balance in the treatment of race relations by the press, and the South is in a state of explosive resentment over what they consider as unfair portrayal of their way of life, and what they consider as intermeddling.

2. The philosophy of "States Rights" has come to the fore and is either being seized upon as a justification for maintaining traditions and conventions or represents a resurgence of Jeffersonian principles of a constitutional government of delegated powers with the sovereignty remaining in the states.
3. The current tensions represent a clash of culture when the protection of racial purity is a rule of life ingrained deeply as the basic truth.
4. The paternalistic spirit which is a carryover from the days of slavery recognizes the need to provide for greater opportunity for Negroes as well as their acceptance but does not yet consider that mixed education is the means whereby the races can best be served. And behind this stalks the specter of racial intermarriages. The following specifics are cited most frequently:

   (a) Health - the claim is made that colored parents are not as careful in looking after the health and cleanliness of their children. The claim of a higher incidence of venereal disease among Negroes is also cited as a reason for segregation in the use of lavatory facilities and gymnasiums

   (b) Home life - the cultural background of most colored children differs radically from white children and regardless of the unfairness of judgments and the logical explanations in the public mind, the reason is still racial. The master and servant relationship in the South is still the rule.

(c) Morals - the benefit of matrimony and recourse to divorce give way to convenience and consequent illegitimacy.

(d) Crime - maintaining order is a primary concern among Southerners and they point to the higher prevalence of crime among Negroes than among whites. This argument is applied to integration by claiming that with the racial bars down the increase of daily contact would provide greater opportunities for interracial strife.

(e) Intellectual development - the claim is made that Southern Negroes are usually below the intellectual level of white children. The further claim is made that it would take a generation to bring the races to a parity.

The Crusade for Integration

The advocates of integration base their position on legal, moral and ethical grounds.

The proponents of integration feel that victory is within their grasp and are determined to press for what they consider is their constitutional right and have set 1963, the Centennial of the Proclamation of Emancipation, seven years hence, as their goal to achieve the reality of full equality. The proponents of integration have acquired a taste of victory and have learned the techniques of mobilization, pressure, and propaganda to build momentum for their cause.

When the Supreme Court ruled in 1944, twelve years ago, that no qualified voter could be barred on the basis of race or color from participating in "White Democratic Primaries," there were fewer than 200,000 registered Negro voters in the South. In 1948, there were 1,300,000 Negro voters in the South and the goal for 1956 is 3,000,000 Negro voters.

The National Association for the Advancement of Colored People claims that the blocking of Senate confirmation of the Supreme Court appointment of Circuit Judge John J. Parker in 1930 marked "the beginning of the Negro's political coming of age" and the time when "the Negro himself recognized his political power."

After the Parker confirmation was rejected 41 to 39 on May 7, 1930, they then mobilized to defeat all Senators voting for Parker and claim the defeat of such Senators in California, Kansas, Missouri, Indiana, Ohio, Pennsylvania, West Virginia, New Jersey, Connecticut, and Rhode Island. (In evaluating the claim, the opposition of labor to Parker must be considered along with the fact that the depression was beginning to be felt and the ground swell had set in which brought the Democrats to power in 1932.) The fact remains that the victories thus achieved heighten the spirit of the proponents and at the same time provide a unifying force for those resisting integration and the advancement of race relations.

The troubled areas are further disturbed by the ratio between the races. The 1950 Census reflects those over 21 who were of the white race totaled 88,195,191, while the non-whites totaled 9,208,116. The geographic distribution of the races is as follows:

Area	Non-white	White
Northeast	1,376,701	25,642,897
North Central	1,519,841	27,722,586
South	5,693,181	22,616,312
West	618,393	12,213,396

The Southerners advance the view that the more Negroes who leave the South the better since this will distribute the "race problem" more evenly across the country and eventually will make for less tension in the South. From 1940 to 1950, the proportion of Negroes declined from 49.2 per cent to 45.3 per cent in Mississippi; 42.9 per cent to 38.8 per cent in South Carolina; 35.9 per cent to 32.9 per cent in Louisiana; 34.7 per cent to 32 per cent in Alabama and 34.7 per cent to 30.9 per cent in Georgia.

Proponents of Integration

The following organizations presently advancing integration are the ones which have figured in the rising tensions and are the principal targets of attack in the South:

1. National Association for the Advancement of Colored People

The National Association for the Advancement of Colored People was created in 1909 and has more than a quarter million members in the various states. The NAACP has provided the leadership in forcing various issues involving the Negro before the Courts. Over the years, it has investigated acts of violence, racial disturbances and incidents.

Following the May, 1954, Supreme Court decision, there was a marked increase in NAACP activities. Court actions were initiated against a number of local school boards in the South and a campaign has been launched to extend the principles of nonsegregation in other areas such as housing, interstate travel, and health facilities.

The Communist Party has instructed all Negro comrades to join the NAACP but, despite the determined effort of the Communist Party to infiltrate the NAACP, this organization reaffirmed its anti-Communist stand at its last convention in Atlantic City in June, 1955. Since then the Communist Party has intensified its efforts to infiltrate the NAACP particularly at local levels. To illustrate, Ed Strong, Chairman of the Negro Commission of the Communist Party, was in contact with several NAACP officials in Texas in January.

In recent months, the NAACP has concentrated its activities around the Till case and the Mississippi shootings of Reverend George W. Lee, Belzoni; Lamar Smith, Lincoln County; and Gus Courts of Belzoni, Mississippi.

One recent incident which has a potential for acts of violence is a citywide boycott by Negroes of buses in Montgomery, Alabama, which started in December, 1955, designed to force an end to segregation on buses. Considerable tension and several shootings preceded the boycott. Police cars escort the buses through the Negro sections to prevent acts of violence. A bomb was exploded on the front porch of the residence of one of the leaders in the boycott; and two days later, February 10, 1956, an explosive device was detonated in the front yard of another leader. Two prosegregation groups promptly offered $1,000 reward for information leading to the conviction of the wrongdoers. After the boycott had been on for over two months, bus service had fallen off 50 per cent. There is considerable tension in Montgomery with the possibility of additional incidents. A State Grand Jury was convened on February 13, 1956, to determine whether the boycott was a violation of a state law making boycotts a misdemeanor punishable by 6 months in jail or $500 fine.

On February 21, 1956, the Grand Jury indicted 115 Negroes under a 1921 law which makes a conspiracy to interfere with or hinder business a misdemeanor. In reporting its findings, the Grand Jury reported growing tensions, observed that small incidents have been magnified and stated, "...if we continue on our present course...violence is inevitable. The leaders of both races are urged to take a long and thoughtful look into the future."

Dr. A. H. McCoy, President of the NAACP in Mississippi, in commenting on their demands for integration, warned that if violence occurred "some white blood will flow too." B. L. Hooks, NAACP leader in Memphis, Tennessee, on January 29, 1956, told local Negroes to "rock more boats and create more storms." He also said, "If it's necessary for us to stir up more tension and more unrest to win our fight, I'm willing to do it."

The disgraceful incident at the University of Alabama on February 4, 5 and 6, 1956, is a symptom of the increasing tensions in the South. In a suit originally filed on July 3, 1953, the Federal Judge in Birmingham, Alabama, enjoined the University of Alabama on July 1, 1955, from denying admittance to two Negresses. The injunction was then suspended four months to allow an appeal. On February 1, 1956, Miss Autherine Lucy, age 26, was admitted but admittance was denied to Miss Pollyann Myers Hudson, age 23, on moral grounds. (On February 9, 1956, Thurgood Marshall, NAACP Counsel, ordered her suit withdrawn on the claim she was a hussy, i.e. had baby 6 months after marriage.)

A mob of 3,000 persons gathered at the University to protest the admittance of Miss Lucy and police used tear gas to disperse the mob. NAACP attorneys filed contempt proceedings against University officials and four mob leaders on February 9, 1956. At a hearing on February 29, 1956, the Federal Judge ordered that Miss Lucy be readmitted on March 5, 1956. On March 1, 1956, the

University issued a statement that she had been expelled for making false charges against the University.

2. Communist Party, USA

The expertness of the Communist Party in pitting class against class has long been devoted to publicly espousing the cause of the Negro as a tactic to recruit Negroes into its ranks and to use the Negro as a rallying point to further its aim of weakening the United States. For years, the Communist Party has had difficulty in making inroads in the South and seizes upon any incident to heighten tension and precipitate difficulties.

The Communists have decided now to concentrate their activities in Alabama, Georgia, and Mississippi since these are the growing areas of industrial concentration where Communists think they have the best chance to infiltrate and expand the Party strength. The Party is now engaged in an active program to send Party members from the New England States to these three states where they will concentrate in the textile industry.

The Communists intend to inject the Negro question into every possible issue. They claim that the unfortunate and brutal killing of 14-year-old Emmett Till is the finest thing that has happened from their standpoint. For public consumption they claim that the Till case is an historic event and the turning point in the Negro struggle for liberation.

The Communists are also maneuvering "an all out political mobilization," which they hope "will be an important factor in determining the position of the Negro people in the crucial Presidential election now at hand." The Communists thus hope to alienate support which the Administration has previously secured from the South and border states.

Communist leaders have sought to infiltrate the NAACP to effect a working agreement and a united front, although the national leadership of the NAACP remains anti-Communist.

The Communist Party has ordered each district to start a program of agitation designed "to put the heat on Federal authorities" and to demand that the Federal Government by immediate action support the Supreme Court decision on the desegregation issue.

To illustrate the potency of Communist pressure, I need only to cite the sequence of events in Chicago. In September, 1955, the Illinois-Indiana District C. P. started agitation with a 1-page leaflet on the Till case calling upon President Eisenhower to dismiss the Attorney General. This was followed by an agitation campaign by the Civil Rights Congress calling for pressure on the President and the Senate Subcommittee on Constitutional Rights. Mayor Richard J. Daley of Chicago on September 2, 1955, wired the President urging intervention. I hasten to say that Mayor Daley is not a Communist, but pressures engineered by the Communists were brought to bear upon him.

The Communists have long been clamoring for a march on Washington to bring pressure on both the Executive and Legislative Branches of Government.

The present Communist Party program calls for:

1. Intervention in the Till case since they claim that the Southern states, particularly Mississippi, are undergoing

a reign of terror.

2. Federal intervention, with Armed Services if necessary, is essential to preserve law and order in Mississippi.
3. The enactment by Congress of antilynching, antipoll tax and fair employment practices legislation.
4. The Mississippi delegation should not be seated in Congress and Senator James O. Eastland should be impeached.
5. No Federal funds should be given to public schools which are still segregated.

3. Afro-American Congress of Christian Organizations

The Afro-American Congress of Christian Organizations, an all-Negro organization, was reactivated in Chicago, Illinois, last October as a protest to the Till case. It is headed by Reverend Clarence William Harding of the Victory Baptist Church. Harding preaches racial hatred and retaliation against white people.

This organization sponsored a mass rally in Chicago on October 9, 1955, to raise money to send a delegation to Washington on October 22, 1955, to focus attention on the Till case. The Communist Party gave Harding $100 on October 7, 1955, to advertise his October 9 meeting. Harding asked for names from the Communist Party to contact for contributions on a trip to New York City, Philadelphia, Detroit, and other places. He is reported to have an underground in the South with headquarters in Mississippi. Rumors in circulation are that Negroes are buying small firearms and sending them to relatives in the South.

Harding raised $370 at his October 9 meeting and 32 members of his group came to Washington, picketed the White House, and made protests to the Civil Rights Section of the Department of Justice, Criminal Division. Harding was convicted by court martial on 5-10-43 and sentenced to serve five years in a Federal reformatory for uttering disloyal statements. The Communist Party does not control the organization but does attempt to influence it.

4. Muslim Cult of Islam

The Muslim Cult of Islam is made up of religious fanatics who claim allegiance only to Allah and whose leader is Elijah Mohammed who resides in Chicago. This cult is anti-United States and violently antiwhite. It is a tightly knit and controlled organization with an estimated 1,000 members and temples in 15 cities. Last December, we had reports that a number of members were sent from Philadelphia to spread the teachings of the cult through the South. The prophet Mohammed recently made a trip South and is aware of a fertile field awaiting the teachings of his cult.

5. March on Washington

A national conference on civil rights under the auspices of the NAACP was originally scheduled to be held in Washington in February but the date has now been changed to March 4 through 6, 1956.

From December 3 to 5, 1955, a Communist Party Commission discussed plans for the March on Washington in connection with an NAACP conference. The Party has issued instructions to mobilize its forces for this March on Washington and it can be anticipated that the Party will try to exert influence on the NAACP conference. There is reliable information from the highest level of the Communist Party that Doxey Wilkerson, a Negro Communist leader, has had a secret conference with NAACP leaders in New York on a campaign on the Till case.

The Communist Party plans to use this conference to embarrass the Administration by causing a rift between the Administration and Dixiecrats who have supported it, by forcing the Administration to take a stand on civil rights legislation with the present Congress. The Party hopes through a rift to affect the 1956 elections.

The Party under the guise of NAACP delegations has already contacted Members of Congress in the Chicago area seeking to get them on record on civil rights legislation. There is some internal disagreement among NAACP leaders about the advisability of holding the conference.

A press release issued by the NAACP states the Washington meeting March 4-6, 1956, will be composed of some 50 organizations and will seek an eight-point legislative program as follows:

1. A Federal F.E.P.C.
2. Withhold Federal funds from segregated projects
3. Make lynching and other race-inspired acts violations of Federal laws
4. Abolition of poll tax
5. Establish Civil Rights Division in Department of Justice
6. Create permanent Federal Commission on Civil Rights
7. Eliminate remaining segregation and other forms of discrimination in interstate travel.
8. Establish majority rule in the Senate and House. (Aimed at filibuster.)

Prosegregation Activities

We now come to a consideration of the organized activities in the South which either could control the rising tensions or become the medium through which tensions might manifest themselves.

To our certain knowledge, 127 organizations have come into being since May 17, 1954, all designed to maintain segregation.

In no instance have we been advised that any of the so-called Citizens Councils advocate violence. Senator Eastland in addressing a rally of the Citizens Councils of Alabama at Montgomery on 2/10/56 in urging resistance to integration said, "The fight we wage must be a just and legal fight. Acts of violence and lawlessness have no place in our organization." Their purposes include education against the evils of integration, advocacy of state sovereignty and some have been formed to serve on a stand-by basis in the event the NAACP or Negro citizens petition for integration. Where no steps have been taken to advance integration, the organizations have been relatively quiet.

In some instances groups are being more aggressive and are advocating economic pressure on members of the NAACP, registered Negro voters and persons openly advocating integration. The most active organization in this area is the Association of Citizens Councils of Mississippi which now has 253 chapters in the State.

Membership

The Councils vary in size from as few as 30 members to as many as 60,000 in Mississippi. The 41 organizations for which figures are available reflect a total membership of 116,000.

The membership of these organizations reflects bankers, lawyers, doctors, state legislators and industrialists. In short, their membership includes some of the leading citizens in the South. Among the high-ranking officials who have given oral support to these organizations are Senators Eastland and Thurmond and Governor Marvin Griffin of Georgia.

The organizations to date have been open in their methods and their meetings have been reported by the press. The newspapers in the South carry advertisements and letters to the editor. For example, the Jackson, Mississippi, Clarion Ledger on September 14, 1954, quoted a planter as saying, "We won't gin their cotton, we won't allow them credit and we won't rent them houses if Negroes try to break down segregation." The same paper on

October 24, 1954, in a letter to the editor from Fred Jones, former State Senator, stated he was a member of the Association of Citizens Councils of Mississippi and pointed out, "We can accomplish our purposes largely with economic pressure... in dealing with members of the Negro race who are not cooperating, and with members of the white race who fail to cooperate, we can apply social and political pressure."

Economic Pressure

The Councils' program in some areas in applying economic pressure already has begun to make itself felt. In Humphreys County, Mississippi, a white farmer reported that 400 Negroes paid poll tax in 1954 and only 94 in 1955. One Negro was told that economic pressure would be applied if he didn't resign as President of the NAACP in Belzoni, Mississippi. He didn't resign but we cannot say if this was the sole reason for his being shot and wounded on November 25, 1955.

A Negro dentist was told by the local bank he would be given no more financial assistance. A Negro gas station operator who refused to put up a sign "For Colored Only" was notified by the gas distributor that he would have to pay cash for oil and gas in advance. The local bank fixed a short deadline on his repayment of a loan.

A doctor who was a member of the NAACP was told by patients that their employers would not pay their doctor bills in the future.

The Citizens Council in Yazoo City, Mississippi, ran a paid advertisement in August, 1955, setting forth the names of 53 Negroes who petitioned for integrated schools. As a result, many lost their jobs, those who were self-employed received no work, and grocery stores refused to sell the petitioners merchandise. As a consequence, several of the petition signers left Yazoo City and went North.

Two Negroes were asked if they had paid their poll tax when they took their cotton to be ginned. They had and were told to come back when they got straightened out. They had their names removed from the voting rolls in Isola, Mississippi, and their cotton was ginned without question.

When the Falstaff Brewery Company, New Orleans, Louisiana, contributed to the NAACP, merchants in Canton, Mississippi, discontinued their purchases. Subsequently, the Falstaff Brewery Company sent a letter to the NAACP saying it was contrary to Company policy to make contributions to organizations such as the NAACP and that the donation previously made was made on behalf of an employee. They then started selling beer again in Canton.

Federation for Constitutional Government

In January, 1955, representatives of 11 Southern states met at Jackson, Mississippi, for the purpose of creating a coordinating organization known as the Federation of Constitutional Government. In the last week of December, 1955, delegates from 12 states met at Memphis, Tennessee, to perfect the organization. Among the 100 persons selected for the advisory board were Senator Eastland of Mississippi, Senator Strom Thurmond of South Carolina, Governor Marvin Griffin of Georgia, 6 members of the House of Representatives, and 4 former Southern Governors. The organization has as its purpose "to fight racial integration" and "other efforts to destroy the Constitution" by coordinating the efforts in the various pro-segregation organizations. At the December meeting a resolution was adopted endorsing the Virginia proposal of "interposition" to nullify and void the Supreme Court antisegregation decisions.

Ku Klux Klan

The Ku Klux Klan was pretty much defunct after successful prosecutions of cases investigated by the FBI in Georgia, North and South Carolina and Florida in the early 50s. Since May, 1954, an effort has been made to reactivate it and it has promoted public demonstrations for the primary purpose of seeking publicity and increasing its membership. At a meeting on February 13, 1956, in Roswell, Georgia, Imperial Wizard E. L. Edwards charged that if the Federal Judge ordered that Miss Lucy be admitted to the University of Alabama and there were riots, he, the Judge, would be guilty of murder.

Evidence of Growing Tension

There has been an increasing number of inflammatory statements which reflects growing public opinion in the South with no effort being made to conceal the position of Southern leaders.

The Jackson, Mississippi, Clarion Ledger of September 10, 1954, in a story quoted unidentified legislators as stating: If Negroes know about the

Citizens Councils they will not try to enter white schools. They (the Councils) will prevent bloodshed.... "A few killings" would be the best thing for the State just before the people vote on a proposed amendment empowering the legislature to abolish public schools. The men banding together in Citizens Councils "want to persuade first but are determined to use force if necessary." Attorney General Eugene Cook, in addressing a rally of Citizens Councils in Montgomery, Alabama, on February 10, 1956, said, "The time has now come to...use defiance, nullification and refuse to obey." He also said, "We will not permit racial suicide in Georgia at any price...." and then observed that the goal of the NAACP is to remove all racial barriers including racial intermarriage.

Robert Patterson, Executive Secretary of the Associated Citizens Councils of Mississippi, on October 25, 1955, said, "Organized aggression must be met with organized resistance. We must unite and let the politicians know how we feel." Congressman L. Mendel Rivers of South Carolina in November, 1955, stated that the Supreme Court decision would bring mongrelization of the Caucasian race (the mixture of the races) and predicted bloodshed will come if the present trend is not stopped.

On December 30, 1955, Governor Hugh White of Mississippi in commenting upon a statement of Assistant Attorney General Warren Olney that the Department of Justice was giving attention to the activities of Citizens Councils stated that the Councils have nothing to hide from the Department of Justice, whom he called "a bunch of meddlesome jackasses."

Ellis Wright, President of the Citizens Council in Jackson, Mississippi, stated, "We now tell the NAACP people they have started something they will never finish."

Progress in Civil Rights

Despite the tension which now exists, progress in civil rights has been made. Acts of violence have declined. In 1939, the FBI, at the direction of the Department of Justice, started investigating civil rights violations involving acts of violence. In the past 17 years, a total of 39 lynchings have occurred, as contrasted with 317 lynchings in the preceding 17-year period. No lynchings have been reported in the past 4 years.

Gradual change has been taking place. In 1953, well before the Supreme Court decision requiring ultimate desegregation of the entire public school system, state-owned universities in 12 of 17 Southern and border states had opened their classrooms to Negro students. This was accomplished with little stir.

To date, 36 state-financed colleges previously all white in 12 Southern and border states have accepted Negro students. Ten Southern medical schools and 30 Southern nursing schools have admitted Negroes. This gradual trend has been free of violence.

More than 500 Negroes have enrolled in formerly all white state-supported colleges and universities from Texas to Virginia, with the marked exception of Mississippi, Alabama, Georgia and South Carolina. Even in Louisiana there are more Negroes enrolled in white colleges and universities than any other state in the South. More than 350 there are taking graduate and undergraduate courses. Texas has more than 100 enrolled. Negroes are well represented in Kentucky, Arkansas, North Carolina and Virginia colleges and universities.

In the fiscal year 1955, we handled 1,275 cases involving alleged violations of civil rights as contrasted with 1,458 such cases in the fiscal year 1954. In the past six months, we have averaged 100 complaints a month involving alleged violations of civil rights. The FBI is directed to make preliminary inquiries upon receipt of information involving allegations of civil rights violations. However, full field investigations are made only upon direction of the Department's Criminal Division.

In the 4 cases which are most frequently mentioned, the FBI has investigated the shootings of Reverend George W. Lee at Belzoni, Mississippi, and the shooting of Gus Courts. The Emmett Till and the Lamar Smith cases were not investigated by the FBI since there was no Federal jurisdiction.

One of the most encouraging developments in civil rights matters has been the changed attitude of Southern law enforcement officers toward civil rights. For example, whenever a charge of civil rights violations is raised against the Dallas, Texas, Police Department, the Chief of Police personally reports the incident to the FBI with a request that we investigate.

In 1954 we conducted 6 specialized training schools on civil rights for local law enforcement agencies in the South, 5 in 1955 and so far this year 128 such schools have either been held or are scheduled to be held in the near future. In Monroe, Louisiana, for example, on

December 13, 1955, we had to run the school in two sessions. The night force went to classes in the morning and the day force went to classes in the evening.

Obstruction to Investigation of Civil Rights Matters

Invariably, when atrocious acts of violence break out we run into an iron curtain of silence. The difficulties which our Agents face at times are almost indescribable. The Negroes are afraid to talk and in case after case we have had to wait until nightfall to go see them if we hoped to secure any information.

In other instances, we are greeted by open antagonism on the part of some local authorities.

In the States of South Carolina, Georgia and Florida, we are not permitted to interview prisoners complaining of violations of their civil rights in state institutions without a prison official being present and in South Carolina we have to secure the written permission of the Governor. Circuit Judge George Wallace, at Union Springs, Alabama, on February 6, 1956, in a charge to a Grand Jury, asserted that if the FBI invaded the State sovereignity by investigating the selection of jurors in his county as we did in Cobb County, Georgia, he, the Judge, would order the arrest of every member of the FBI or any other Federal agency involved in such investigation on contempt of court charges. This Judge's jurisdiction covers Barbour, Bullock and Dale Counties.

Conclusion

The question of civil rights is interrelated with racial prejudices; charged with highly emotional surges. The law-abiding people of the South neither approve nor condone acts of brutality and the lawless taking of human lives. On the other hand, historic traditions and customs are a part of a heritage with which they will not part without a struggle. Militant resources of both those who stand for and against segregation have been mobilized and impulsive precipitated action could unleash acts of violence. The mounting tension can be met only with understanding and a realization of the motivating forces. Delicate situations are aggravated by some overzealous but ill-advised leaders of the NAACP and by the Communist Party, which seeks to use incidents to further the so-called class struggle.

Calm, judicious judgment, public education and real understanding are needed to avert explosive incidents. The area of danger lies in friction between extremists on both sides ready with violence.

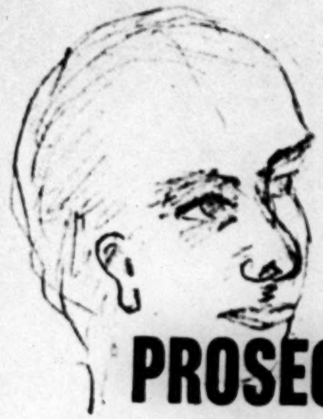
CHARTS RE:

RACIAL SITUATION AND CIVIL RIGHTS

FEDERAL BUREAU OF INVESTIGATION
UNITED STATES DEPARTMENT OF JUSTICE
John Edgar Hoover, Director

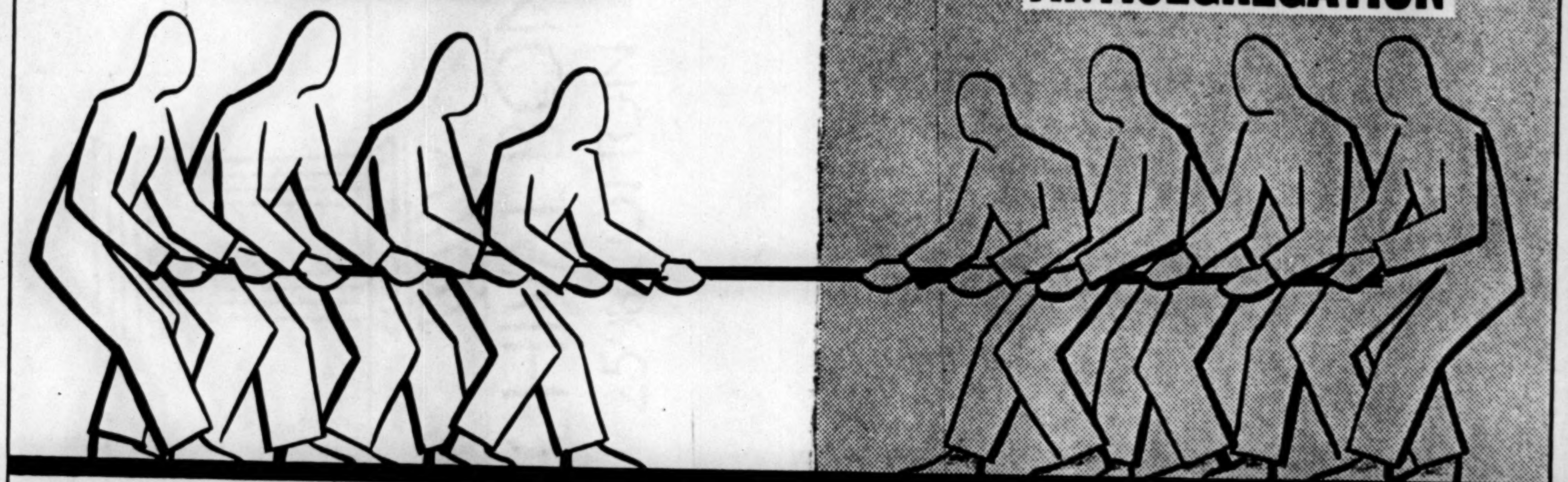
FEDERAL BUREAU OF INVESTIGATION
UNITED STATES DEPARTMENT OF JUSTICE
J. EDGAR HOOVER, DIRECTOR

OPPOSING FORCES



PROSEGREGATION

ANTISEGREGATION



- **Citizens Councils**
- **Ku Klux Klan**

- **National Association for the Advancement of Colored People**
- **Afro-American Congress of Christian Organizations**
- **Muslim Cult of Islam**
- **Communist Party**

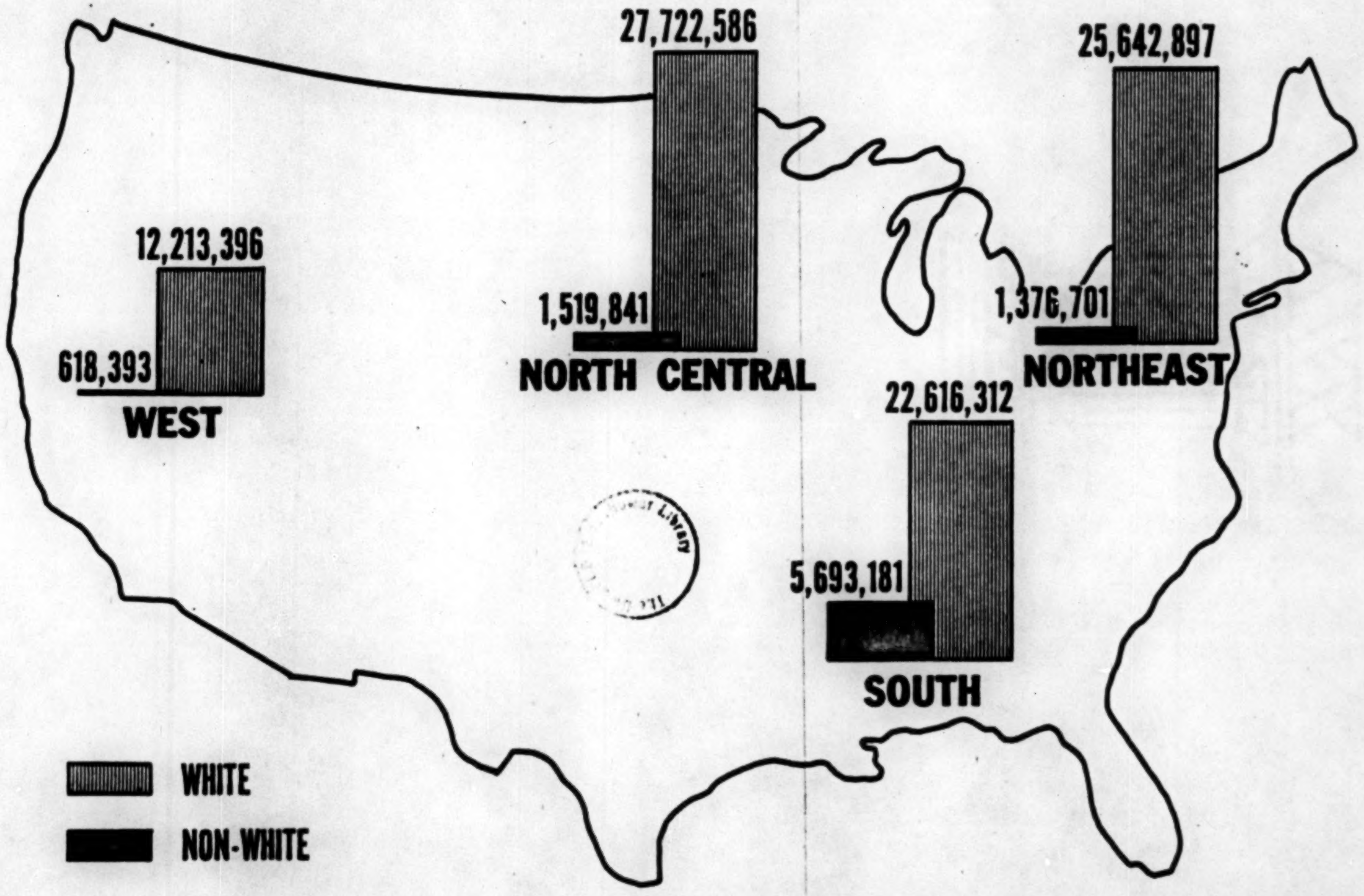
FBI EXHIBITS SECTION

EXHIBIT NO. 1

FEDERAL BUREAU OF INVESTIGATION
UNITED STATES DEPARTMENT OF JUSTICE
J. EDGAR HOOVER, DIRECTOR

POPULATION DISTRIBUTION OF WHITE AND NON-WHITE BY AREAS

(OVER 21 YEARS OF AGE)



1950 CENSUS FIGURES

EXHIBIT NO. 2

FEDERAL BUREAU OF INVESTIGATION
UNITED STATES DEPARTMENT OF JUSTICE
[illegible]

PROPORTION OF NEGROES IS DECLINING IN THE SOUTH

	Negroes made up this percentage of the population in 1940 —	Negroes made up this percentage of the population in 1950 —
Mississippi	49.2%	45.3%
South Carolina	42.9%	38.8%
Louisiana	35.9%	32.9%
Alabama	34.7%	32.0%
Georgia	34.7%	30.9%

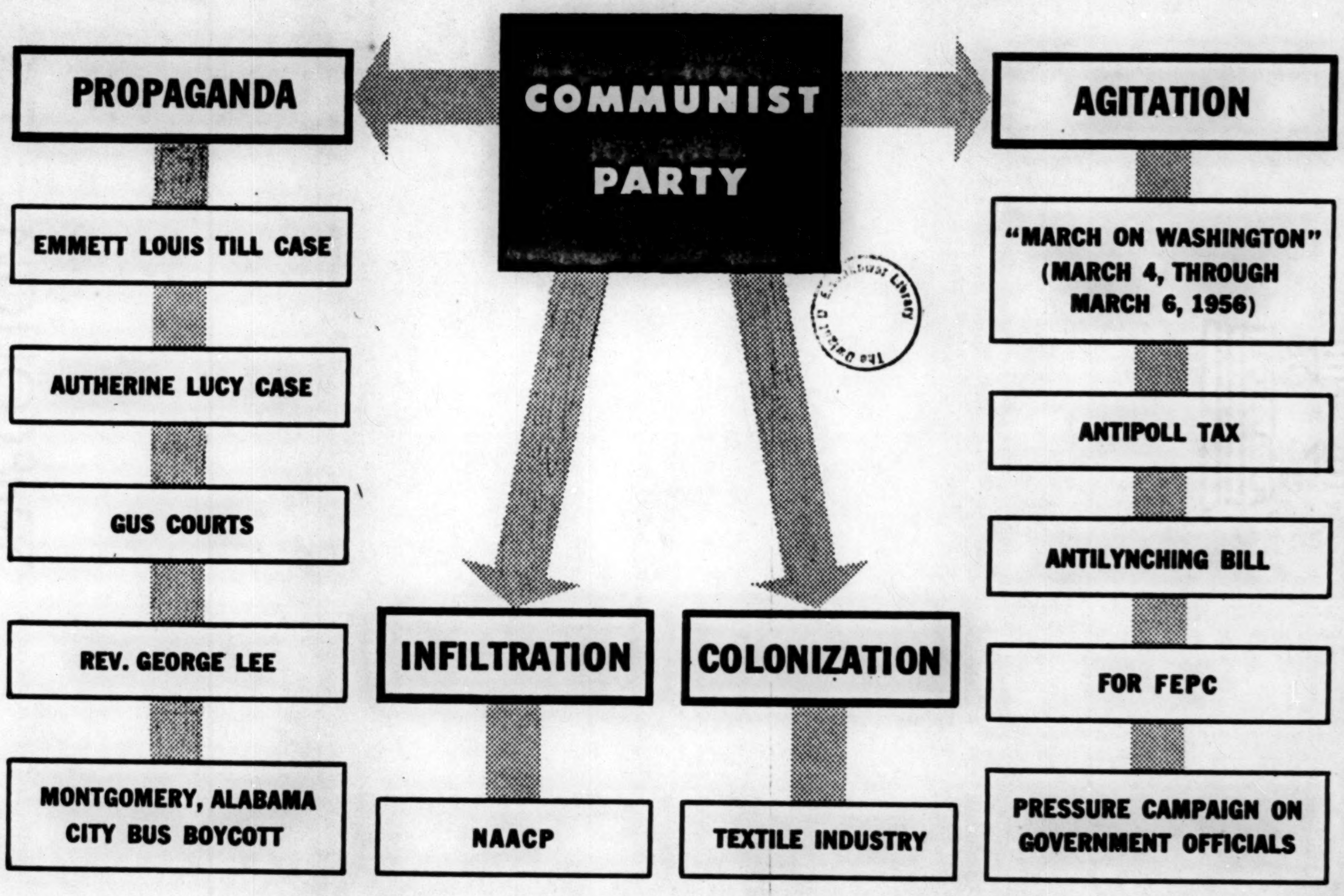
FBI EXHIBITS SECTION

SOURCE: "U. S. News and World Report" January 27, 1956

EXHIBIT NO. 3

FEDERAL BUREAU OF INVESTIGATION
UNITED STATES DEPARTMENT OF JUSTICE
J. EDGAR HOOVER, DIRECTOR

COMMUNIST PARTY TACTICS AFFECTING RACIAL TENSION



COMMUNIST PARTY

PROPAGANDA
- EMMETT LOUIS TILL CASE
- AUTHERINE LUCY CASE
- GUS COURTS
- REV. GEORGE LEE
- MONTGOMERY, ALABAMA CITY BUS BOYCOTT

INFILTRATION
- NAACP

COLONIZATION
- TEXTILE INDUSTRY

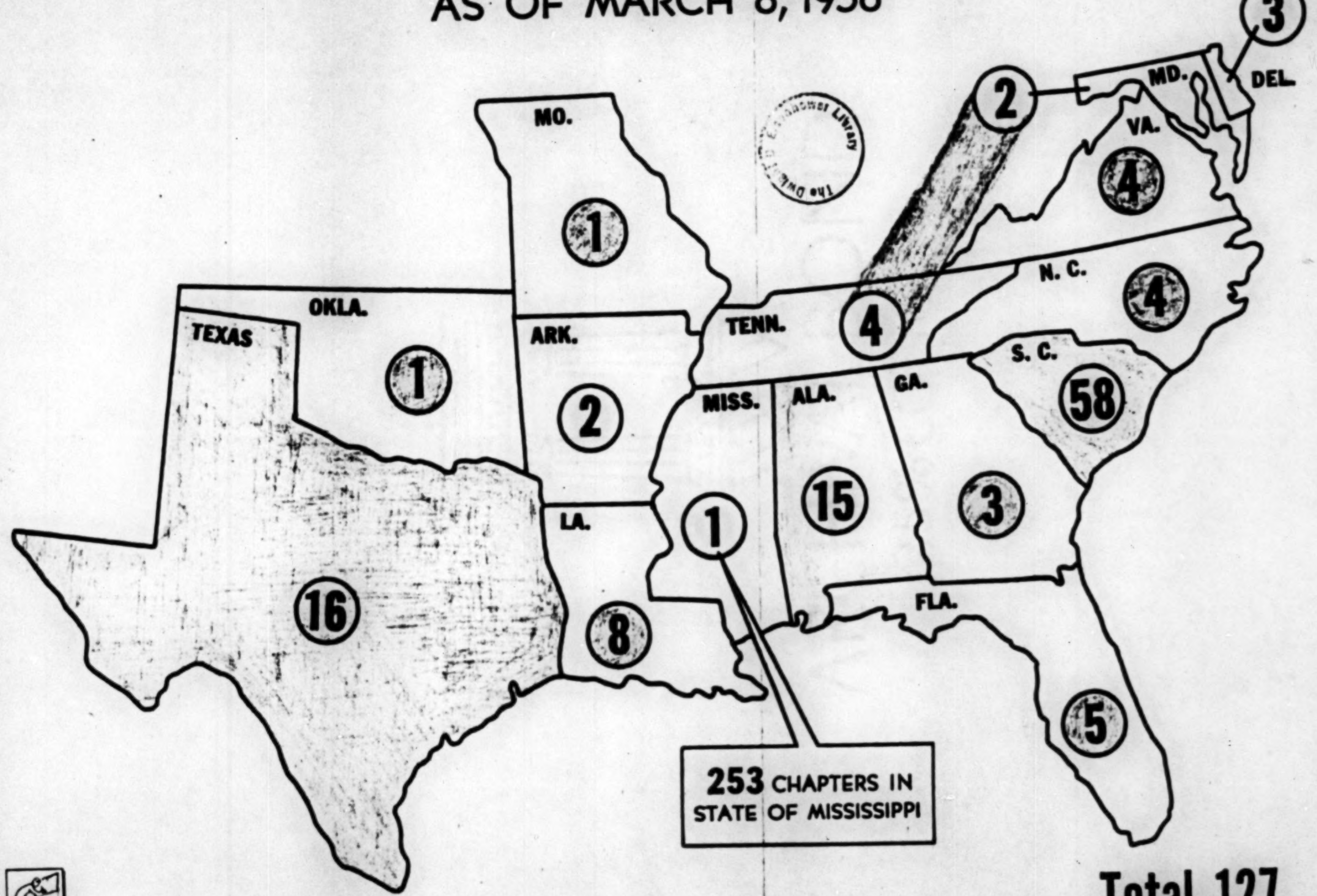
AGITATION
- "MARCH ON WASHINGTON" (MARCH 4, THROUGH MARCH 6, 1956)
- ANTIPOLL TAX
- ANTILYNCHING BILL
- FOR FEPC
- PRESSURE CAMPAIGN ON GOVERNMENT OFFICIALS

EXHIBIT NO. 4

FEDERAL BUREAU OF INVESTIGATION
UNITED STATES DEPARTMENT OF JUSTICE
J. EDGAR HOOVER, DIRECTOR

NUMBER OF CITIZENS COUNCILS -- BY STATES

AS OF MARCH 8, 1956


MO.
1
OKLA.
1
TEXAS
16
ARK.
2
LA.
8
TENN.
4
MISS.
1
ALA.
15
GA.
3
FLA.
5
S. C.
58
N. C.
4
VA.
4
MD.
2
DEL.
3

253 CHAPTERS IN STATE OF MISSISSIPPI

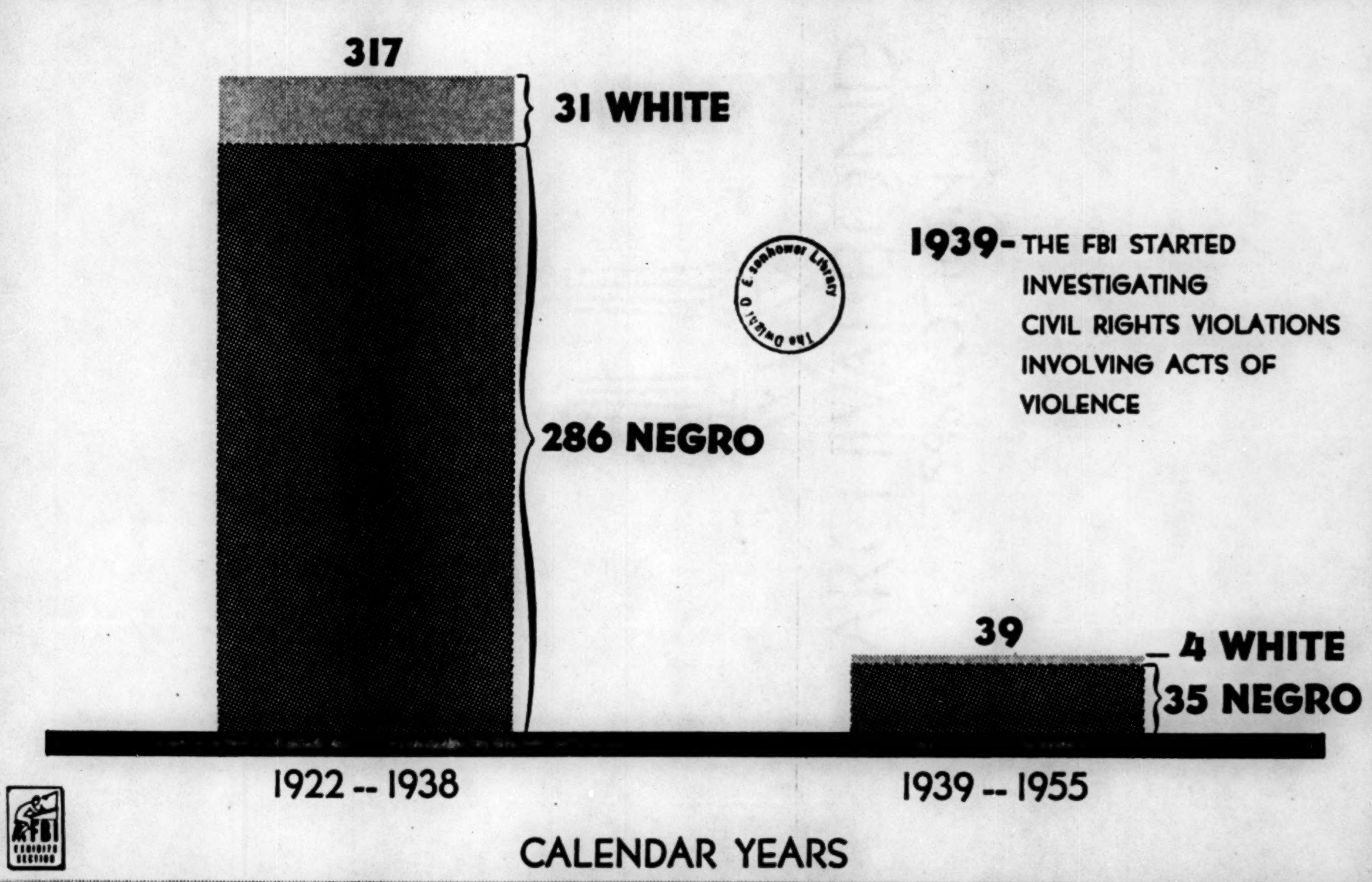
Total 127

EXHIBIT NO. 5

FEDERAL BUREAU OF INVESTIGATION
UNITED STATES DEPARTMENT OF JUSTICE
J. EDGAR HOOVER, DIRECTOR

LYNCHINGS IN THE UNITED STATES

1922 -- 1938 vs. 1939 -- 1955



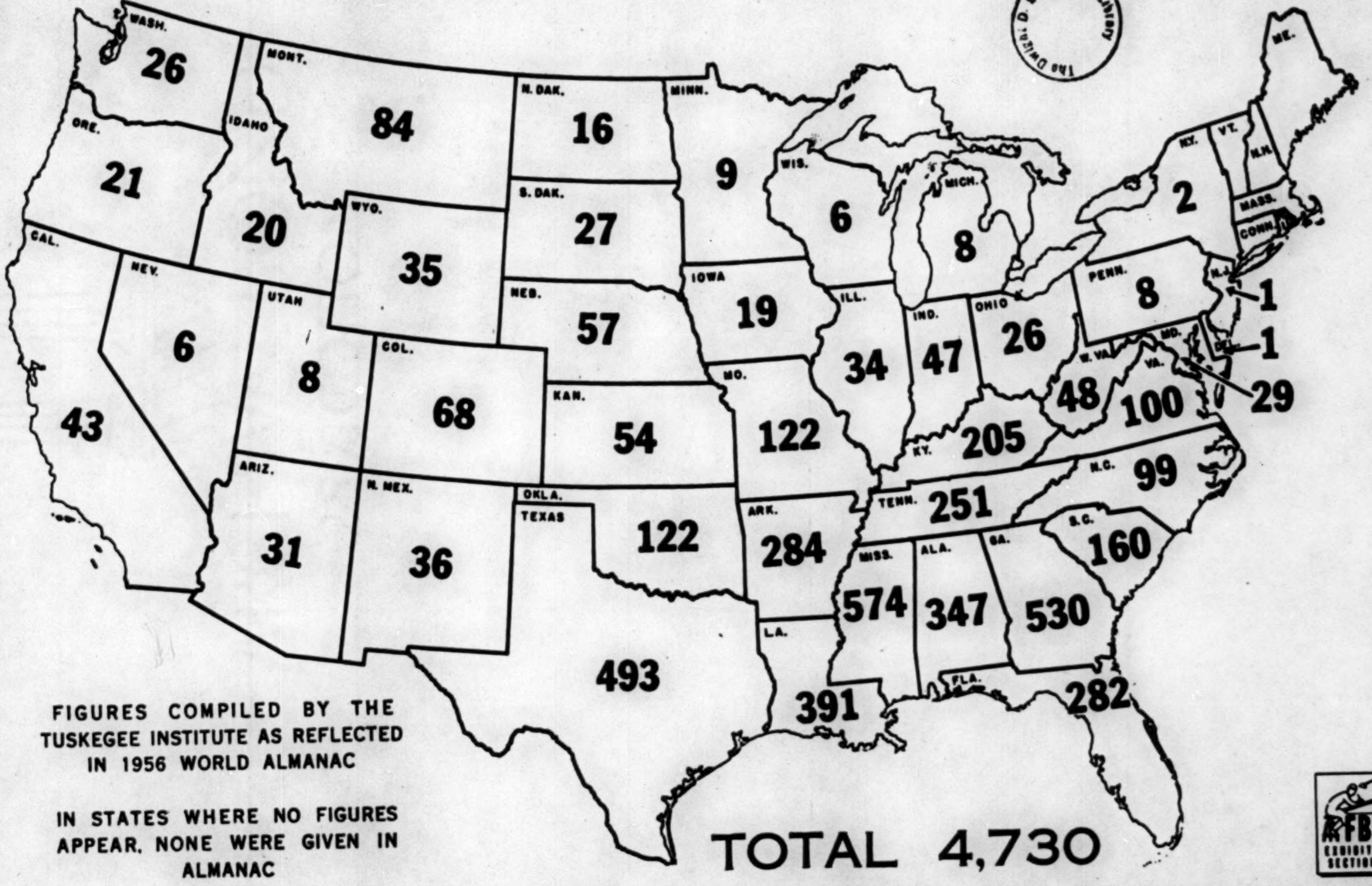
1939- THE FBI STARTED INVESTIGATING CIVIL RIGHTS VIOLATIONS INVOLVING ACTS OF VIOLENCE

EXHIBIT NO. 6

FEDERAL BUREAU OF INVESTIGATION
UNITED STATES DEPARTMENT OF JUSTICE
J. EDGAR HOOVER, DIRECTOR

LYNCHINGS BY STATES

1882 THROUGH 1955


WASH. 26
MONT. 84
N. DAK. 16
MINN. 9
ME.
ORE. 21
IDAHO 20
S. DAK. 27
WIS. 6
MICH. 8
N.Y. 2
VT.
N.H.
MASS.
CONN.
WYO. 35
CAL. 43
NEV. 6
UTAH 8
NEB. 57
IOWA 19
ILL. 34
IND. 47
OHIO 26
PENN. 8
N.J. 1
DEL. 1
MD. 29
COL. 68
KAN. 54
MO. 122
W. VA. 48
VA. 100
KY. 205
N.C. 99
TENN. 251
ARIZ. 31
N. MEX. 36
OKLA. 122
TEXAS 493
ARK. 284
S.C. 160
MISS. 574
ALA. 347
GA. 530
LA. 391
FLA. 282

TOTAL 4,730

FIGURES COMPILED BY THE TUSKEGEE INSTITUTE AS REFLECTED IN 1956 WORLD ALMANAC

IN STATES WHERE NO FIGURES APPEAR, NONE WERE GIVEN IN ALMANAC

EXHIBIT NO. 7

A - L.
Pole

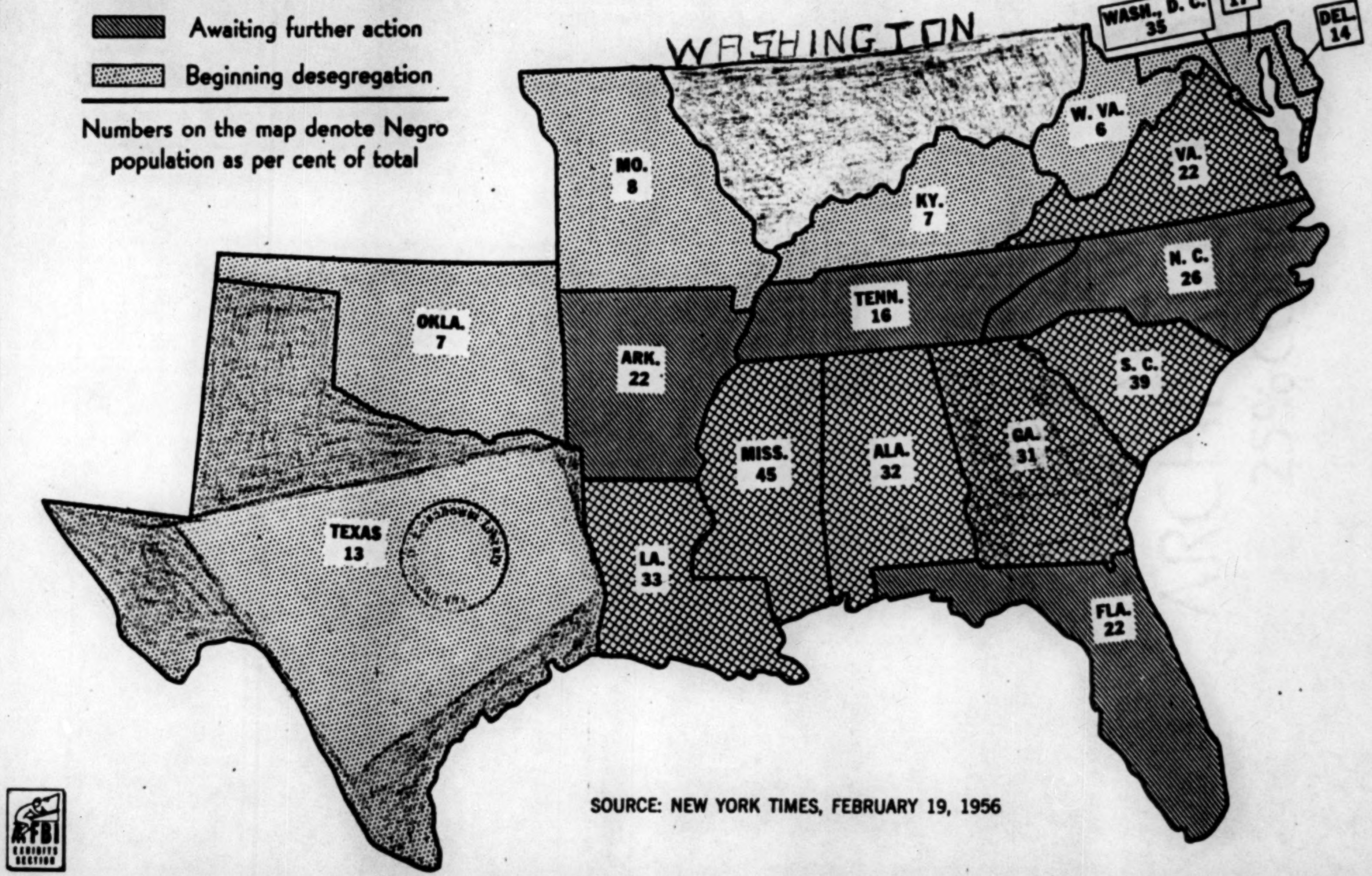
Kansas

FEDERAL BUREAU OF INVESTIGATION
UNITED STATES DEPARTMENT OF JUSTICE
J. EDGAR HOOVER, DIRECTOR

WHAT HAS HAPPENED IN THE SOUTH SINCE THE SUPREME COURT RULING MAY 17, 1954

- ▩ Opposing desegregation
- ▨ Awaiting further action
- ▒ Beginning desegregation

Numbers on the map denote Negro population as per cent of total


WASHINGTON
WASH., D. C. 35
MD. 17
DEL. 14
MO. 8
W. VA. 6
VA. 22
KY. 7
N. C. 26
TENN. 16
OKLA. 7
ARK. 22
S. C. 39
MISS. 45
ALA. 32
GA. 31
TEXAS 13
LA. 33
FLA. 22

SOURCE: NEW YORK TIMES, FEBRUARY 19, 1956

EXHIBIT NO. 8

CABINET PAPER—PRIVILEGED
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COPY NUMBER: 66
CP - 56-48
March 7, 1956

The White House
Washington

THE CABINET

The Civil Rights Program - Proposed Statement of the Attorney General

For consideration by the Cabinet, attached is a draft Statement, prepared by the Attorney General, embodying the Administration's civil rights recommendations to the Congress this year.

These recommendations would be in fulfillment of the pledge made by the President in his State of the Union Message.

It is expected that the attached Statement will be in the form of a letter from the Attorney General to the Legislative Leaders.

The comments of the Cabinet and the approval of the President are sought for the attached Statement.

Maxwell M. Rabb
Secretary to the Cabinet

CABINET PAPER
For Consideration

COPY NUMBER: 66

THE CABINET

Statement of Attorney General Herbert Brownell, Jr., on Civil Rights

President Eisenhower, in his State of the Union Message, said:

> "It is disturbing that in some localities allegations persist that Negro citizens are being deprived of their right to vote and are likewise being subjected to unwarranted economic pressures. I recommend that the substance of these charges be thoroughly examined by a Bipartisan Commission created by the Congress. It is hoped that such a Commission will be established promptly so that it may arrive at findings which can receive early consideration. ***
>
> "We must strive to have every person judged and measured by what he is, rather than by his color, race or religion. There will soon be recommended to the Congress a program further to advance the efforts of the Government, within the area of Federal responsibility, to accomplish these objectives."

In keeping with the President's message, I submit the following recommendations to the Congress: First, creation of the Bipartisan Commission referred to in the message; second, amendment of existing statutes to give further protection of the right to vote; third, amendment of existing civil rights statutes to further protect other rights, privileges and immunities secured by the Constitution; fourth, creation of an additional office of Assistant Attorney General to head a new Civil Rights Division in the Department of Justice.

Separate bills detailing these four proposals are submitted with this statement.

I

The right to vote is one of our most precious rights. It is the cornerstone of our form of government and affords protection for our other rights. It must be zealously safeguarded.

Where there are charges that by one means or another the vote is being denied, we must find out all of the facts -- the extent, the methods, the results. The same is true of substantial charges that unwarranted economic or other pressures are being applied to deny other fundamental rights safeguarded by the Constitution and laws of the United States. The President has therefore asked Congress to create a Bipartisan Commission, clothed with all powers necessary to make thorough investigations, findings, and recommendations.

The responsibility for the solution of this problem does not rest solely on the people of any particular area or locality. It is as well the common problem and responsibility of all of us, north, south, east or west. The need for a full scale public study is manifest. The executive branch of the federal government has no general investigative power of the scope required to undertake such a study. The study should be objective and free from partisanship. It should be broad and at the same time thorough.

We must affirm to all the world that civil rights are of primary concern to all our people. To this end the selection of the Commission's membership must be truly bipartisan and geographically representative.

The bill provides that the Commission shall have six members, appointed by the President with the advice and consent of the Senate. No more than three may be of the same political party. The Commission will be temporary, expiring two years from the effective date of the statute, unless extended by Congress. It will have authority to subpoena witnesses, take testimony under oath, and obtain official data from any executive department or agency. It may be required to make interim reports pending completion of a comprehensive final report containing findings and recommendations.

The Commission will have authority to hold public hearings in every area where there are substantial reasons for concern over alleged denials of civil rights. Knowledge and understanding of every element of the problem will give greater clarity and perspective to one of the most difficult problems facing our country. Such an inquiry, fairly conducted, will tend to unite responsible people in common effort to combat ignorance and lawlessness.

If there are findings of deprivation of civil rights in any particular locality, the Commission should endeavor to discover its source, its extent, the methods used, and the community's efforts and achievements towards finding its own solution. The Commission, in the course of its inquiry, may do much to clear the air of groundless rumor or charge. Investigation and hearings will bring into sharper focus the areas of responsibility of the federal government and of the states under our constitutional system. Through greater public understanding, therefore, the Commission may chart a course of progress to guide us in the years ahead.

II

The first and most important of the proposed amendments to existing law concerns voting. In this the federal government seeks no broader statutory power than is necessary to protect the rights of suffrage guaranteed by the Fourteenth and Fifteenth Amendments and other provisions of the Constitution. The existing statutes purporting to guarantee the right to vote are antiquated and inadequate.

Civil remedies have never before been available to the Attorney General in this field. We think that they should be available. Heretofore the Department of Justice has been limited to the bringing of criminal actions after the harm has been done. Criminal cases in this sensitive field, by their very nature, are extraordinarily difficult for all concerned. Our ultimate goal is the safeguarding of the free exercise of the voting right, subject to the legitimate power of the state to prescribe necessary and fair voting qualifications. To this end, civil proceedings to forestall denials of the right may often be far more effective in the long run than criminal proceedings to punish after the event.

We propose also an amendment to the statutes which pertain to elections to federal office by specifically including within their scope primary and special elections. In many cases these elections may be decisive of the general election. They are equally important, and are within the scope of the voting guarantees contained in the Constitution. But there has not been adequate legislation to protect primary and special elections.

To accomplish these ends, five specific changes are recommended. The first change relates to 18 U.S.C. § 594. This criminal statute provides that whoever "intimidates, threatens, coerces" any other person, or attempts the same, for the purpose of interfering with the right of such other person to vote or to vote as he chooses for any candidate for federal office "at any election held solely or in part for the purpose of electing such candidate" shall be subject to criminal penalty. The proposed amendment changes "any election" to "any general, special or primary election".

Second, the proposed legislation will add a comparable section, covering general, special and primary elections, to the existing civil voting statute, 42 U.S.C. § 1971 and will thereby give rise to new civil remedies for persons aggrieved.

Third; this civil statute will be further amended to provide that the Attorney General may bring injunction or other civil proceedings on behalf of the aggrieved person in cases covered by the amended statute. The combination results in a broad remedy. The present statute, as it has existed since 1870, reaches to all elections, not just federal elections, and prohibits discrimination against eligible voters because of their race or color as provided by the Fifteenth Amendment. Because the Fifteenth Amendment is a limitation upon governmental action, the statute is necessarily confined to deprivations by state officers or other persons acting under color of law. Thus, under the amended statute, the federal government will have authority to institute civil proceedings in cases where there are unlawful voting denials caused by anyone in a federal election, including primaries and in any other election where there are voting denials, because of race or color, by the United States, by a state, or by a person acting under color of any law.

Fourth, the statute is further amended to overcome the effect of court decision that all state administrative and judicial remedies must be exhausted before access can be had to the federal court. Thus direct relief may be sought in the federal court.

Lastly, Title 28 of the Code is amended to ensure that federal district courts shall have jurisdiction in civil rights cases.

III

In addition to the voting bill, we propose legislation to strengthen another criminal civil rights statute -- 18 U.S.C. 241 -- which has existed for over three quarters of a century. Here again, this statute suffers from certain inadequacies and technical difficulties.

The statute makes it unlawful for two or more persons to conspire "to injure, oppress, threaten or intimidate any citizen in the free exercise or enjoyment of any right or privilege secured to him by the Constitution or laws of the United States, or because of his having so exercised the same". As a sanction against vicious abuses of civil rights, it can become more effective with the changes we propose; namely, to change the word "citizen" to "persons", and the words "right or privilege secured to him by the Constitution" to "right, privilege, or immunity secured or protected by the Constitution". These changes are key, because:

First, the statute should protect all persons, not just "citizens".

Second, the statute should protect all of the rights guaranteed by the Constitution. In 1951 the Supreme Court was evenly divided on the issue whether Fourteenth Amendment rights were included. Four Justices thought they were excluded, notwithstanding the language "any right or privilege"; they thought the statute as worded protected only those express or implied rights which arise out of the relationship which the individual has to the federal government. The proposed changes will remove any doubt on this point.

In addition, the proposed legislation broadens Section 241 to cover misconduct by an individual as well as by a conspiracy of two or more individuals.

Lastly, as to individuals, substantial penalties are provided for unlawful conduct which results in maiming or death.

The civil counterpart of Section 241 is 42 U.S.C. § 1985. This statute gives a right of action for damages to any person injured by an act done in furtherance of a conspiracy to (1) prevent a person from accepting or holding federal office or discharging its duties; (2) intimidate parties, witnesses or jurors, or otherwise obstruct justice; or (3) deprive persons of the equal protection of the laws or of equal privileges and immunities, including the right to vote in federal elections. The legislation which we propose will add a new section to confer authority on the Attorney General to initiate civil action where necessary to protect the rights secured by this statute.

IV

At present the Civil Rights Section of the Department of Justice is one of a number of sections located within the Criminal Division. The protection of civil rights guaranteed by the Constitution is a governmental function and responsibility of first importance. It merits the full direction of a highly qualified lawyer, with the status of Assistant Attorney General, appointed by the President with the advice and consent of the Senate.

In this area, as pointed out above, major emphasis should be on civil law remedies, rather than criminal sanctions. The civil rights enforcement activities of the Department of Justice should not, therefore, be confined to the Criminal Division.

Apart from the proposed new laws, the decisions and decrees of the United States Supreme Court relating to integration in the field of education and in other areas, and the civil rights cases coming before the lower federal courts in increasing numbers, are indicative of generally broadening legal activity in the civil rights field.

These considerations call for the authorization of an additional Assistant Attorney General to direct the Government's legal activities in the field of civil rights.

I believe that the enactment of all of this legislation not only will give us the means to meet, fully and intelligently, our responsibility for the safeguarding of Constitutional rights in this country, but will demonstrate to the world at large our determination to secure equal justice under law for all people.

Personal and Confidential

MEMORANDUM FOR THE ATTORNEY GENERAL

Subject: The President's Views on the Proposed Civil Rights Program (CP - 56-48)

Knowing that you are engaged in revising and editing Cabinet Paper 56-48, discussed at the meeting this morning, I thought it might be useful to provide you with our notations of some of the President's ~~statements~~ remarks during the discussion - since they ~~are~~ represent in fact the President's suggestions as to the tenor of your Statement.

These notations are attached. They are not to be regarded as exact quotations, since as you of course know, no verbatim record is kept of Cabinet proceedings; they have been drawn up simply on the basis of our notes and our memory.

Special precautions should be taken to ensure the protection of their privileged nature.

You will also recall the Cabinet's feeling that the conclusions advanced by Director Hoover are good starting points for any statements on this subject.

Maxwell M. Rabb
Secretary to the Cabinet

Attachment

"In the long run, the Constitution -- as interpreted by the Supreme Court -- is going to be enforced; I took my oath of office to uphold it and that is what I am going to do. On this question, of course, the Courts are going to be the ones who will do the enforcing."

/¯The four-point program is_7 "O.K. -- but, put into your presentation a statement that what is needed is calmness and sanity. The great mass of decent people should and will listen to these voices, rather than to the extremists. Make your statement like your brief to the Supreme Court -- don't take the attitude that you are another Sumner.

/¯To a critic:_7 "Where do you think that the Attorney General's suggestions are moving 'too rapidly'? They look to me like amelioration."

"But, these other recommendations /¯II and III_7 are more mild -- I think they will act to pour oil on the troubled waters of the situation."

"I believe that Herb Brownell should put forward what he has got here, but with a statement that many Americans understandably are separated by deep emotions on this subject. One of the prime reasons for this is that, after all, another system was upheld by the Supreme Court for 60 years. . These people in the South were not breaking the law for the past 60 years, but, ~~later~~ ever since the 'separate but equal decision', ~~These~~ ~~people~~ they have been obeying the Constitution of the United States. Now, we cannot erase the emotions of three generations just overnight. I still think that this is such a moderate approach --

especially the emphasis on civil recourse rather than ~~the~~ criminal [illegible] -- that it will ameliorate the situation in the South. Certainly no one could object to the proposal for the new Assistant Attorney General."

"People have a right to disagree with the Supreme Court decision -- since the Supreme Court has disagreed with its own decision of 60 years standing -- but, of course, the new ~~dixix~~ decision should now be carried out."

THE WHITE HOUSE
WASHINGTON

March 7, 1956

MEMORANDUM FOR THE PRESIDENT

SUBJECT: Tentative Cabinet Agenda for next Friday, March 9, 1956

The following items are scheduled, subject to your approval, for the Cabinet Agenda, Friday morning, March 9:

1. Progress with Respect to the Hoover Commission Recommendations — The President

You asked that this item be placed on the Agenda.

2. Report on Racial Tension and Civil Rights — The Director, FBI

Mr. J. Edgar Hoover will give you and the Cabinet a summary of the information the FBI has received concerning the marked increase in racial tension in the deep south. Extremist groups and individuals, including the Communists, are becoming bolder and more active; threats of violence and bloodshed have been made publicly. The situation is serious enough to warrant Cabinet consideration.

PRESENTATION TIME: 20-25 minutes

3. The Civil Rights Program — The Attorney General

In your State of the Union Message you stated that "there will soon be recommended to the Congress a program further to advance the efforts of the Government, within the area of Federal responsibility," to accomplish civil rights objectives.

The Attorney General, against the background of the preceding item, will present the Cabinet with the program he proposes to send to the Congress. Its four major points are:

a) Renewal of the request for a Bi-partisan Commission
b) Strengthening of the federal election laws
c) Filling legislative gaps in other areas of civil rights
d) Establishing a new Civil Rights Division in the Department of Justice

PRESENTATION TIME: 20 minutes

4. Federal Employees' Major Medical Expense Insurance — The Chairman, Civil Service Commission

The Administration's proposed program on this subject, namely the "major medical insurance" coverage, was discussed in Cabinet on January 27. Mr. Young's proposals on major medical insurance coverage were substantially approved, subject to his procuring for the Cabinet's comparison, information on the prevailing and prospective practices of industry. This information is now available. The Cabinet Sub-Committee on Government Salaries and Benefits has gone over it and has also prepared an agreed clean draft of the proposals themselves -- for final Cabinet concurrence and your approval. The information concerning industry practices is contained in the two brief appendices to Cabinet Paper 56-15/2, under Tab 4.

PRESENTATION TIME: 5 minutes

5. **The Salk Vaccine - Status Report** — The Secretary of Health, Education and Welfare

Secretary Folsom wants to give you and the Cabinet a very brief fill-in on where we stand this Spring with respect to production, supplies and distribution, etc. of the Salk vaccine. Secretary Folsom has been discussing these matters with the vaccine companies and is encouraged by what has developed. There may still be some problems ahead concerning this subject, however, and it is better we know about them now than later.

PRESENTATION TIME: 10 minutes

Maxwell M. Rabb

Maxwell M. Rabb
Secretary to the Cabinet

CP - 56-15/2

March 7, 1956

The White House
Washington

THE CABINET

Federal Employees Major Medical Expense Insurance

For consideration by the Cabinet, attached is a paper on the above subject prepared by the Chairman of the Civil Service Commission.

This paper is drawn from numbered subparagraphs 1, 2 and 3 of CP - 15/1 of January 25, 1956, and is based on the Cabinet's discussion of those major medical expense proposals on January 27, 1956 (cf. RA - 43, Item 2).

The attached paper is the proposed Administration program; it represents the agreement of the Cabinet Sub-Committee on Government Salaries and Benefits.

The information requested by the Cabinet during the Cabinet discussion on January 27 is contained in the two brief appendices to the attached paper:

Appendix A - Prevailing and Prospective Major Medical Expense Insurance Programs in Industry

Appendix B - Prevailing and Prospective Programs which Continue Health Insurance on Retired Employees

The final concurrence of the Cabinet and approval of the President are requested for the attached paper.

Maxwell M. Rabb
Secretary to the Cabinet

THE CABINET

Federal Employees' Major Medical Expense Insurance

Problem: To furnish to Federal employees and their dependents protection against the burdensome cost of prolonged and severe illness on a low-cost group insurance basis.

Discussion: S. 2425 (also H.R. 7241) as introduced last year at the request of the Administration, was designed to provide health insurance comparable to that available in private industry. Subsequent developments have shown that this legislation is not the answer to the problem because (1) it places emphasis on sharing of the cost rather than on acquiring the most urgently needed type of protection, (2) it would be difficult and complex to administer, and (3) it has failed to achieve employee organization support. A new approach will furnish all Federal employees with a type of protection not otherwise available. It will effectively supplement the basic protection now available to them. It will be much simpler to administer and we have assurance that it will gain the endorsement of employee organizations.

In the development of this proposal two important health insurance needs of Federal employees have been considered: (1) protection against normal hospital and surgical expenses and (2) protection against the heavy cost of prolonged or severe illness.

The first of these needs is now being met by basic hospital and surgical health insurance, available locally to Federal employees at reasonable rates. A recent sample survey made by the Civil Service Commission shows that about three out of every four Federal employees now have some kind of basic health insurance.

Insurance required to meet the second need is not now available to Government employees. It is the type of insurance which can be provided economically only on a group basis. It can be purchased by the Government on a low-cost basis similar to the purchase of the group life insurance.

The new approach is to provide protection against the heavy cost of prolonged or severe illness through major medical expense insurance for employees and their dependents.

The major medical expense insurance supplements basic hospital and surgical insurance by:

1. Providing for reimbursement of 75 per cent of yearly hospital expenses in excess of $500 and yearly surgical expenses in excess of $250. These amounts have been selected as a measure of catastrophe because basic hospital and surgical plans are designed to take care of most or all of these initial amounts in a serious illness. Where the employee has basic hospital and surgical protection, he should have a minimum of out-of-pocket expense before the major medical expense insurance takes over.

2. Providing for reimbursement of 75 per cent of non-hospital, non-surgical expenses in excess of $100 per year (up to $200 for higher-paid employees). Most basic plans do not cover these expenses at all. This deductible requires the employee to pay, himself, the normal, small, recurring medical bills which can and should be budgeted.

Maximum major medical benefits for active employees would be $10,000 per individual ($5,000 per year) with liberal reinstatement provisions.

For future retired employees and their dependents, the major medical expense insurance would provide for reimbursement of 75 per cent of yearly hospital, surgical, and other medical costs over $200 (except for hospital room and board costs, which would be reimbursable by drawing against the employee's group life insurance). For retired employees, the maximum benefits would be $5,000 per family group ($2,500 per year) without privilege of reinstatement. This plan provides substantial benefits for these retired employees with their reduced incomes and yet has been so designed by its limitation on room and board expense as to keep the cost within reasonable limits.

Legislatively, the major medical expense insurance would be provided by amendment to the Group Life Insurance Act, with the cost of major medical expense insurance on retired employees being met out of the group life insurance fund.

The cost of this major medical expense insurance program will be borne entirely by the federal Government. The additional annual cost to the Government is estimated at 32½ million dollars. The Government will increase its contribution under the Group Life Insurance Act from one-half of what employees themselves are now paying to an equal matching sum, so that the Government and its employees will be sharing 50-50 the costs of the combined Group Life Insurance-Major Medical Insurance Program.

Recommendation: That the Cabinet approve the Civil Service Commission's major medical expense insurance proposal and no longer support S. 2425.

Implementation: Legislation would be drafted and introduced in the immediate future.

Concurrences: The Cabinet Sub-Committee on Government Salaries and Benefits

(HEW
Post Office
Treasury
Defense
Budget)

Appendix A

PREVAILING AND PROSPECTIVE MAJOR MEDICAL EXPENSE INSURANCE PROGRAMS IN INDUSTRY

At the end of 1955 there were 2,400 group major medical expense insurance policies covering 4.5 million persons. At the end of 1952 there were only 700,000 persons covered. The insurance industry estimates that approximately 2,100 additional policies will be issued in 1956 covering an additional 2.25 million persons.

A representative list of companies which have adopted major medical insurance plans are shown below:

American Brass
American Cyanimid
American Safety Razor
Anaconda Copper
Army and Air Force Exchange
Beneficial Finance Company
Bomac Laboratories
Borden Company
Bowery Savings Bank
Braniff Airways
Brookhaven National Laboratories
The Budd Company
California Bank
Carrier Corporation
Caterpillar Tractor
Central Hudson Gas & Electric
CIT Financial Corporation
City of Miami
Coca Cola Bottling Company of Los Angeles
Colonial Stores
Columbus & Southern Ohio Electric
Commercial Credit Corporation
Commonwealth Edison
Convair
Corning Glass
Davey Tree Expert Company
Delaware Lackawanna & Western RR
Douglas Aircraft
Eastman Kodak
Eli Lilley
Esterbrook Pen
Flintkote
Gamble Skogmo
General Electric
General Mills
General Motors
General Tire & Rubber (Aerojet)
Georgia Warm Springs Foundation
A. P. Green Firebrick
Halliburton Oil Well Cementing Company
Haloid Company
Holley Carburetor
Hunter Douglas Corporation
Hughes Tool Company
International Harvester
Iron Ore of Canada
J. C. Penney
Johnson and Johnson
Kennecott Copper
Lane Wells Company
Lockheed Aircraft

R. H. Macy
McGraw-Hill
Minute-Maid
Niagara Mohawk Power
Northrop Aircraft
Ohio Oil
Pan-American Airways
Pittsburgh Plate Glass
Pullman, Inc.
Railroads--Non-operating Employees
Raytheon Manufacturing
Revere Corporation of America
Reynolds Metal
Rheem Manufacturing
Richfield Oil
Rohr Aircraft
Safeway Stores
S. C. Johnson & Son
Sears Roebuck
Security First National Bank of Los Angeles
Shell Oil
The S. O. S. Company
Socony Mobil Oil
Southern Methodist University
Spiegel Company
Standard Brands
Stuart Warner
Trans-Ocean Airlines
Trans-World Airlines
Union Carbide & Carbon
United Airlines
University of Chicago
V-M Corporation
Washington Gas Light
Western Union
Westinghouse Electric
White Castle System

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Appendix B

PREVAILING AND PROSPECTIVE PROGRAMS WHICH CONTINUE HEALTH INSURANCE ON RETIRED EMPLOYEES

It is estimated that approximately 2,500 insurance company group policies include provision for continuance of health insurance on retired employees. A representative list of companies which provide for the continuance of health insurance on retired employees is shown below.

In addition, at least an equal number of employers probably provide for continuance of benefits through community non-profit plans.

The number of plans with continuance of benefits on retired employees is increasing rapidly each year.

Allis-Chalmers
American Bosch
American Brass
American Cyanimid
American Gas & Electric
American Hardware
American Locomotive
American Optical
American Smelting & Refining
American Type Founders
Armstrong Cork
Atlanta Gas Light
A & P Stores
Behr Manning
Bendix Aviation
Bird & Son
E. W. Bliss
Borden Company
Boy Scouts of America
Brown Company
Butler Metal Products
Carrier Corporation
Carter's Ink
Caterpillar Tractor
Central New York Carpenters Welfare Fund
Colgate-Palmolive
Congoleum-Nairn
Corning Glass
The Crossett Company
Dana Corporation
Deere & Company
Diamond Glass
Dow Chemical
Dravo Corporation
Dun & Bradstreet
Dunlop Tire & Rubber
Eastman Kodak
Electric Autolite
Elgin National Watch Company
Englander Company
Farrel Birmingham
Federated Department Stores
Firestone Tire & Rubber
First National Stores
Foley Bros. Dry Goods
Gardner-Denver
General American Transportation
General Electric
General Outdoor Advertising
General Railway Signal
General Refractories
Gilman Paper

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For Consideration

B. F. Goodrich
Goodyear Tire & Rubber
A. P. Green Firebrick
Gulf National Bank at Lake Charles
Hershey Chocolate
Holley Carburetor
Hughes Tool
Indianapolis Power & Light
International Harvester
International Paper
Isaac Walker
Jones & Laughlin
Landers Frary
Lane Bryant
F. & R. Lazarus
Lee Rubber & Tire
Lever Brothers
Liggett & Myers
Marquette Cement
Marshall-Wells
C. H. Masland & Sons
Minneapolis Moline
New York Airbrake
New York & Pennsylvania Company
Oklahoma Gas & Electric
Oneida, Limited
Charles Pfizer
Pitney-Bowes
Pittsburgh Plate Glass
Pratt-Whitney
Radio Corporation of America
Robbins-Myers
Scott Paper
Sears Roebuck
Security First National Bank of Los Angeles
Servel
Sharon Steel
John Shillito
Sinclair Oil
Socony-Mobil
Standard Oil of Indiana
Stanley Works
John B. Stetson
Studebaker-Packard
Texas Electric Service
Thompson Products
The Tillotson Manufacturing Company
Tung-Sol
Underwood Corporation
United Gas
U. S. Rubber Company
University of Colorado
Vickers
Virginia Electric
Washington & Lee University
Westinghouse Electric
Whitin Business Equipment
Willis Motor Company
Wyandotte Chemical
L. A. Young Spring & Wire

CP - 56-15/2

March 9, 1956

The White House
Washington

THE CABINET

Federal Employees' Major Medical Expense Insurance

The attached approved paper is circulated for implementation action by the Chairman of the Civil Service Commission, and for the information of Cabinet Members.

This paper and its Recommendations were approved by the President at the Cabinet Meeting of Friday March 9, 1956 (RA - 56-47, Item 4).

Maxwell M. Rabb
Secretary to the Cabinet

CABINET PAPER—PRIVILEGED

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THE CABINET

Federal Employees' Major Medical Expense Insurance

Problem: To furnish to Federal employees and their dependents protection against the burdensome cost of prolonged and severe illness on a low-cost group insurance basis.

Discussion: S. 2425 (also H.R. 7241) as introduced last year at the request of the Administration, was designed to provide health insurance comparable to that available in private industry. Subsequent developments have shown that this legislation is not the answer to the problem because (1) it places emphasis on sharing of the cost rather than on acquiring the most urgently needed type of protection, (2) it would be difficult and complex to administer, and (3) it has failed to achieve employee organization support. A new approach will furnish all Federal employees with a type of protection not otherwise available. It will effectively supplement the basic protection now available to them. It will be much simpler to administer and we have assurance that it will gain the endorsement of employee organizations.

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CABINET PAPER

For Action

Maximum major medical benefits for active employees would be $10,000 per individual ($5,000 per year) with liberal reinstatement provisions.

For future retired employees and their dependents, the major medical expense insurance would provide for reimbursement of 75 per cent of yearly hospital, surgical, and other medical costs over $200 (except for hospital room and board costs, which would be reimbursable by drawing against the employee's group life insurance). For retired employees, the maximum benefits would be $5,000 per family group ($2,500 per year) without privilege of reinstatement. This plan provides substantial benefits for these retired employees with their reduced incomes and yet has been so designed by its limitation on room and board expense as to keep the cost within reasonable limits.

Legislatively, the major medical expense insurance would be provided by amendment to the Group Life Insurance Act, with the cost of major medical expense insurance on retired employees being met out of the group life insurance fund.

The cost of this major medical expense insurance program will be borne entirely by the federal Government. The additional annual cost to the Government is estimated at 32½ million dollars. The Government will increase its contribution under the Group Life Insurance Act from one-half of what employees themselves are now paying to an equal matching sum, so that the Government and its employees will be sharing 50-50 the costs of the combined Group Life Insurance-Major Medical Insurance Program.

Recommendation: That the Cabinet approve the Civil Service Commission's major medical expense insurance proposal and no longer support S. 2425.

Implementation: Legislation would be drafted and introduced in the immediate future.

Concurrences: The Cabinet Sub-Committee on Government Salaries and Benefits

(HEW Defense
Post Office Budget)
Treasury

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CA - 56-48

March 21, 1956

The White House

Washington

THE CABINET

Agenda

9:00 A.M., Friday, March 23, 1956

1.	Observations Concerning the Trip to Asia	(Oral)	The Secretary of State
2.	The Civil Rights Program -- Proposed Statement of the Attorney General (Revised)	CP - 56-48/2	The Attorney General
3.	Maintaining the Balance in the 1956 and 1957 Budgets	(Oral)	The Director, Bureau of the Budget
4.	Cabinet Television Appearance	(Oral)	The Press Secretary to the President
5.	First Quarter Economic Report	(Oral)	The Chairman, Council of Economic Advisers
6.	1956 Planning	(Oral)	Governor Pyle

Maxwell M. Rabb
Secretary to the Cabinet

CABINET PAPER

For Action

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DETERMINED TO BE AN
ADMINISTRATIVE MARKING
E.O. 11652, Section 1
By BHC NLE, Date 9-7-77

MINUTES OF CABINET MEETING

March 23, 1956
9:00 A.M. -- 11:40 A.M.

The following were present:

President Eisenhower

Sec. Dulles, and
    Under Sec. Hoover
Asst. Sec. David W. Kendall
    (for Sec. Humphrey)
Sec. Wilson
Mr. Brownell
Mr. Summerfield
Asst. Sec. Fred G. Aandahl
    (for Sec. McKay)
Sec. Benson
Sec. Weeks
Sec. Mitchell
Sec. Folsom

Director Hughes, and
    Mr. Brundage
Dr. Flemming
Chairman Young
Dr. Burns
Amb. Lodge

Gov. Adams
Gen. Persons
Mr. Hagerty
Mr. Shanley, in part
Mr. Wm. Jackson
Col. Goodpaster
Mr. Seaton
Gov. Pyle
Dr. Hauge
Mr. Morgan
Mr. Martin
Mr. Harlow
Mr. Murray Snyder
Mr. Masterson
Mr. McCabe, in part
Mr. Rabb
Mr. Patterson
Mr. Minnich

Trip to Asia - Sec. Dulles reported on the SEATO Council meeting at Karachi and his visits to other countries in that area and the Far East. He stressed the beneficial effect on SEATO of the Defense Department's operation "Firm Link" which had demonstrated the great mobility of US forces, thus giving substance to our basic principle of depending on mobility rather than fixed troop commitments.

Mr. Dulles noted the bitterness in India against Pakistan, the Soviet efforts toward economic penetration of Afghanistan, the strength of anti-Communism in Ceylon, the formation of a satisfactory government in Indonesia thanks perhaps in part to the invitation he extended at the critical moment to President Sokarno to visit the United States, the understanding Thailand now has of our policies, the recent strengthening of Diem's position in Viet-nam, the political charges in the

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The Dwight D. Eisenhower Library

Philippines that Magsaysay had not set a sufficiently high price on his friendship for the United States, the serenity of his talks with Chiang-kai-Shek and Syngman Rhee, the overwhelming popular demonstrations on his arrival in Seoul, and his talks for the first time with those individuals who are the real power behind the Japanese officials.

Mr. Dulles summarized that in all these countries there was a desire to know whether the United States would remain stronger than Russia, that the acuteness of the economic problems in all these countries made it imperative that we carry on both the military and economic aspects of our mutual security program, and that the United States has some very great assets in that part of the world particularly by virtue of our own experience of moving from colonial to independent status two centuries ago.

The President noted the fact that no matter how great a nation's strength may be, an enemy can always concentrate superior strength at a particular point, as during the Battle of the Bulge in World War II. He believed the entire Cabinet should be mindful in respect to their public addresses that we are perfectly justified in asserting that the United States has superior strength.

The President also noted the benefit to be had from face-to-face meetings with foreign officials in terms of facilitating later negotiations.

The President told Secretary Dulles he wished to discuss later the question of bipartisanship in foreign policy because allegations were being made that the Administration merely "briefed" without "consulting" the opposition.

Civil Rights (CP - 56-48/2) - Mr. Brownell presented the revised paper setting forth the civil rights program he proposed to submit to Congress. He indicated that some doubts existed as to the desirability of making recommendations on the second and third items. He cited the great need for authority to initiate actions under civil law instead of having to pursue criminal suits in these difficult cases. He believed this authority would have a moderating rather than an aggravating effect, but he desired to have "lay judgment" on this. The President agreed in this emphasis on basing judgment on good sense and moderation instead of merely piling up laws that could not be enforced under existing circumstances.

Sec. Wilson believed the situation was already too critical without adding more fuel. Sec. Folsom spoke against the second and third provisions on the grounds that (1) the intent would be misunderstood by Southerners and thus aggravate the situation, (2) they would probably not be approved by Congress anyway, and (3) they would be anticipating the judgment of the Commission that was being recommended. The Attorney General

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replied concerning the greater difficulties that would be encountered if the civil law authority were not available for law enforcement. Mr. Folsom believed this authority could be secured much more readily if it were recommended by the Commission later on.

Amb. Lodge recalled the historic association the Democrats had effected with the Negro progress and the recent indications that the association could not be continued.

Sec. Dulles discussed the impracticality of laws which deviated too far from accepted mores and the importance of creating the environment after a particular law becomes acceptable and enforceable.

The President commented on the extremist position which tended to reject even the most ameliorative proposal, and he went on to speak of his meeting with Billy Graham for the purpose of bringing a highly beneficial influence to bear on Southern opinion. He repeated his desire to make progress in the areas where the Federal Government could legitimately be active, then commented on the depth of emotions in the South. He reported a story from Billy Graham that indicated some previous advances had been lost as a result of recent increased tension. He thought the second proposal would help to moderate the situation and he wondered how else the Executive could carry out his responsibility for enforcing the law.

Sec. Wilson suggested, and Mr. Folsom agreed, that the second and third items could be set up as something for the Commission to study. Mr. Flemming, Sec. Mitchell, and the Attorney General believed that approach would not be adequate fulfillment of the President's State of the Union message. Mr. Benson tended to concur with Sec. Wilson and Mr. Folsom. The latter again noted how these civil rights proposals might endanger the medical school legislation so earnestly desired by HEW.

After further discussion in which the President recounted some of the arguments the South advanced, he brought the discussion to a close by requesting Mr. Brownell to see him later on about the matter.

Budget Situation - Director Hughes made a monthly report on the outlook for maintaining the balance of the '56 and '57 budgets. He stated that a slight surplus for '56 was still expected but that some danger areas remained particularly in respect to pressures on the Department of Defense for increased spending, CCC payments, Post Office expenditures, and some areas of HEW. He indicated similar danger areas that might unbalance the 1957 budget, most of them depending on legislative action. He concluded by urging Cabinet members to continue to give personal attention to restraining departmental pressures for increasing appropriations.

In the discussion, the President inquired about the cost of operating the Texas City tin smelter which he thought to be $22 million a year. Mr. Hughes indicated a cost of $40 million, and Mr. Flemming

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commented that the Government had to buy the output even though it was not critically needed. The President also asked about the present value of the dollar as compared with the early 1930s. Dr. Burns described briefly the fluctuations in the value of the dollar since 1929.

Personnel Security Commission - The Attorney General noted questions that were arising concerning the work of this Commission particularly in regard to what information should be furnished it. He urged Cabinet members to use the Liaison Committee headed by Mr. Donegan and to appoint a representative to the Committee if not now represented. Mr. Benson commented on the effectiveness of the Liaison Committee and Mr. Young urged full support of it, including personnel details.

Congressional Investigations - The Attorney General noted that, with the exception of a special committee set up by Val Peterson for handling the Civil Defense investigation, the Liaison Committee set up last year continues to operate in this area and should be used especially in regard to the three major investigations now under way -- guided missiles and airplanes, clothing procurement, and East-West trade.

District Civil Service - The President inquired about the relationship of the D. C. Civil Service to the Federal Civil Service Commission, and he recalled the restoration order concerning a drunken policeman. Chrm. Young commented that this had been the first case where a discharged policeman had appealed under the veterans legislation, and that the Civil Service Commission had had to order his restoration because the District had been procedurally incorrect. He indicated that the Commission was talking to the appropriate Congressional Committee with a view to changing the requirements. The President expressed his strong feeling that the situation had gone too far when the Federal Government could be used to prevent proper disciplinary action against a drunken policeman.

Public Relations - Mr. Hagerty set forth the arguments pro and con the invitation to have the entire Cabinet appear on an early "Wide Wide World" program. Mr. Hagerty and the President both cited the value of reserving such a Cabinet appearance for some future time. It was agreed that the invitation should be declined.

Economic Report - Dr. Burns cited current statistics showing the virtual stability of industrial production, employment, individual spending power, consumer spending, and the gross national product. He saw reason for expecting a small increase in unemployment and he concluded that national economic activity has leveled off. He raised but did not answer the question of whether this constituted a pause in growth or the beginning of a decline. He then cited a number of factors

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By GNC NLE, Date 8-9-76

suggesting that future development could go either way. He did believe that the rest of this year would be prosperous but was uncertain whether it would be prosperous enough.

Dr. Burns believed that the determining factor would depend upon whether consumers expanded or contracted their purchases, a matter that could not be ascertained for another month during which the situation should be closely watched. He recommended that until that determination could be made the Government should do everything possible to prevent further tightening of credit since it could not quickly be loosened should adverse developments occur.

The President inquired as to the source of a possible credit tightening and recalled that several weeks earlier there had been a prospect of looser credit. Dr. Burns replied that it had failed to materialize and that the current situation of the banks seemed to forecast a tightening of credit through the Federal Reserve Board. (The President left the meeting at this point.)

Sec. Wilson raised the question of signs of impending inflation and Dr. Burns answered that he could not deny the possible danger of inflation occurring but that he saw no evidence that it would occur.

Sec. Mitchell asked what might be done through the Small Business Administration and other agencies toward getting more contracts awarded to small business. Dr. Burns said that the subject was under constant exploration, that he hesitated to make recommendations at this time concerning the lending policy of SBA but that a Cabinet discussion would be arranged when the necessary facts have been obtained. The Postmaster General noted the declining profits of automobile dealers and said that current inventories constituted an unhealthy situation.

Dr. Burns indicated that the banks were delaying their decision for a few weeks but that they justifiably felt compelled by the nature of the situation to look toward higher interest rates. He noted the reasonableness of the Federal Reserve Board's position with regard to the importance of even a small movement in consumer purchases, but he felt that there was no prospect during the next six or nine months of an increase in the level of consumer prices. He recognized the upward pressures on business prices.

(The President returned to the meeting.)

In response to questions as to what the Government might do, Dr. Burns indicated that Treasury and the Economic Council were in constant communication with the Federal Reserve Board.

1956 Planning - Gov. Pyle called attention to previous concentrations of major speeches in certain areas, and emphasized the importance of

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Cabinet Meeting, March 23, 1956 - page 6

concentrating anew on marginal districts. He distributed to members of the Cabinet a packet of materials with regard to such districts and desirable principles for making speech dates. He urged that each Cabinet member assign an assistant to be responsible for carrying out the purposes of this material and other political liaison. He asked that this material be held in confidence.

Gov. Pyle also requested Cabinet members to give early attention to determining their wishes regarding content of the 1956 Republican Platform.

The President stressed how so many speeches would be made in a short period of time and emphasized the need for close coordination of content. He asked whether the National Committee was prepared to do such a job, and pointed out that guidance should be available not only for members of the Administration but for Members of Congress and State and local Republican speakers as well. Gov. Pyle indicated that both the National Committee and the White House would be able to help.

Amb. Lodge saw little point in attacks on the several Democratic personalities and urged that Republicans emphasize their constructive program.

The Postmaster General inquired as to the preparation of a speech kit. Gov. Pyle indicated the National Committee was preparing one.

In replying to questions from Secs. Wilson and Weeks, Gov. Pyle stressed the help that his office could give in seeing that the most fruitful platforms were filled and in reducing the pressures stemming from less fruitful platforms.

LAM
L. A. Minnich, Jr.

Copies to:
Mrs. Whitman (2)✓
Mr. Rabb
Mr. Minnich

~~CONFIDENTIAL~~

COPY NUMBER: 45

CP - 56-48/1

March 15, 1956

The White House

Washington

THE CABINET

The Civil Rights Program - Proposed Statement of the Attorney General (Revised)

For consideration by the Cabinet, attached is a revision of the proposed Civil Rights Statement of the Attorney General which was discussed last Friday at Cabinet.

Pursuant to the Cabinet decision (RA - 56-47, Item 3), this Statement is now being circulated for final Cabinet review. Based on the Cabinet discussion, new introductory paragraphs have been prepared and several others revised.

In the absence of a Cabinet Meeting this week, Cabinet Members are respectfully requested to review the attached paper promptly, and to submit their comments on it directly to the Attorney General by noon Monday, March 19, 1956.

Maxwell M. Rabb
Secretary to the Cabinet

COPY NUMBER: 45

CP - 56-48/1

PRELIMINARY DRAFT

Statement of Attorney General Herbert Brownell, Jr. on Civil Rights

President Eisenhower, in his State of the Union Message, said:

> "It is disturbing that in some localities allegations persist that Negro citizens are being deprived of their right to vote and are likewise being subjected to unwarranted economic pressures. I recommend that the substance of these charges be thoroughly examined by a Bipartisan Commission created by the Congress. It is hoped that such a Commission will be established promptly so that it may arrive at findings which can receive early consideration.
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> * * *
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> "We must strive to have every person judged and measured by what he is, rather than by his color, race or religion. There will soon be recommended to the Congress a program further to advance the efforts of the Government, within the area of Federal responsibility, to accomplish these objectives."

Under our system of government, conflicts as to the interpretations of existing law are determined by the courts. This is true whether the question involves a municipal ordinance, a state law, an act of Congress, or the Constitution of the United States. Our judicial tribunals have the ultimate authority to declare that the states, the Congress, or the Executive Branch of the Federal Government have taken action which is contrary to the supreme law of the land. Obedience to law as interpreted by the courts is the way differences are and must be resolved.

At a time when many Americans are separated by deep emotions as to the rights of some of our citizens as guaranteed by the Constitution, there is a constant need for restraint, calm judgment and understanding. In order to prevent extremists from causing great disorder and irreparable harm it is important to rely on law and order for the resolution of these most difficult problems. It is particularly important, therefore, to provide more flexible civil remedies rather than to rely solely on existing criminal statutes to guarantee to all of our citizens the rights to which they are entitled under the Constitution.

With this in mind and in keeping with the President's message, I submit the following recommendations to the Congress: First, creation of the Bipartisan Commission referred to in the message; second, amendment of existing statutes to give further protection of the right to vote; third, amendment of existing civil rights statutes to further protect other rights, privileges and immunities secured by the Constitution; fourth, creation of an additional office of Assistant Attorney General to head a new Civil Rights Division in the Department of Justice.

Separate bills detailing these four proposals are submitted with this statement.

I

The right to vote is one of our most precious rights. It is the cornerstone of our form of government and affords protection for our other rights. It must be zealously safeguarded.

Where there are charges that by one means or another the vote is being denied, we must find out all of the facts -- the extent, the methods, the results. The same is true of substantial charges that unwarranted economic or other pressures are being applied to deny other fundamental rights safeguarded by the Constitution and laws of the United States. The President has therefore asked Congress to create a Bipartisan Commission, clothed with all powers necessary to make thorough investigations, findings, and recommendations.

The responsibility for the solution of this problem does not rest solely on the people of any particular area or locality. It is as well the common problem and responsibility of all of us, north, south, east or west. The need for a full scale public study is manifest. The executive branch of the federal government has no general investigative power of the scope required to undertake such a study. The study should be objective and free from partisanship. It should be broad and at the same time thorough.

We must affirm to all the world that civil rights are of primary concern to all our people. To this end the selection of the Commission's membership must be truly bipartisan and geographically representative.

The bill provides that the Commission shall have six members, appointed by the President with the advice and consent of the Senate. No more than three may be of the same political party. The Commission will be temporary, expiring two years from the effective date of the statute, unless extended by Congress. It will have authority to subpoena witnesses, take testimony under oath, and obtain official data from any executive department or agency. It may be required to make interim reports pending completion of a comprehensive final report containing findings and recommendations.

The Commission will have authority to hold public hearings in every area where there are substantial reasons for concern over alleged denials of civil rights. Knowledge and understanding of every element of the problem will give greater clarity and perspective to one of the most difficult problems facing our country. Such an inquiry, fairly conducted, will tend to unite responsible people in common effort to combat ignorance and lawlessness.

If there are findings of deprivation of civil rights in any particular locality, the Commission should endeavor to discover its source, its extent, the methods used, and the community's efforts and achievements towards finding its own solution. The Commission, in the course of its inquiry, may do much to clear the air of groundless rumor or charge. Investigation and hearings will bring into sharper focus the areas of responsibility of the federal government and of the states under our constitutional system. Through greater public understanding, therefore, the Commission may chart a course of progress to guide us in the years ahead.

II

The first and most important of the proposed amendments to existing law concerns voting. In this the federal government seeks no broader statutory power than is necessary to protect the rights of suffrage guaranteed by the Fourteenth and Fifteenth Amendments and other provisions of the Constitution.

Civil remedies have never before been available to the Attorney General in this field. We think that they should be available. Heretofore the Department of Justice has been limited to the bringing of criminal actions after the harm has been done. Criminal cases in this sensitive field, by their very nature, are extraordinarily difficult for all concerned. Our ultimate goal is the safeguarding of the free exercise of the voting right, subject to the legitimate power of the state to prescribe necessary and fair voting qualifications. To this end, civil proceedings to forestall denials of the right may often be far more effective in the long run than criminal proceedings to punish after the event.

First, the proposed legislation will change the existing civil voting statute, 42 U.S.C. § 1971. This statute declares that all citizens who are otherwise qualified to vote at any election (state or federal) shall be entitled to exercise their vote without distinction of race or color. The statute is limited, however, to deprivations of voting rights by state officers or other persons acting under color of law. We recommend the addition of a section which will cover a denial of the right to vote caused by anyone, whether acting under color of law or not, in any election, general, special, or primary, concerning candidates for federal office. Thus, the amended statute will give rise to civil remedies (1) in a federal election, including primaries, where a person's vote is unlawfully denied by anyone, and (2) in any election, state or federal, where the federal government, a state, or a person acting under color of law, denies a person the right to vote because of his race or color.

Second, it is recommended that this statute be further amended to provide that the Attorney General may bring injunction or other civil proceedings on behalf of the aggrieved person in any case covered by the statute and the amendments described above.

Third, we recommend that the statute be further amended to overcome the effect of court decision that all state administrative and judicial remedies must be exhausted before access can be had to the federal court. Thus direct relief may be sought in the federal court.

Fourth, we recommend amendment of Title 28 of the Code to ensure that federal district courts shall have jurisdiction in civil rights cases.

III

In addition to the voting bill, we propose legislation to strengthen another civil rights statute -- 18 U.S.C. 241. This statute makes it unlawful for two or more persons to conspire "to injure, oppress, threaten or intimidate any citizen in the free exercise or enjoyment of any right or privilege secured to him by the Constitution or laws of the United States, or because of his having so exercised the same". As a sanction against abuses of civil rights, it can become more effective with these proposed changes;

First broaden the statute to include individuals. Under the present statute if two or more persons merely conspire to deny another person his civil rights, it is a crime; however, if a single individual, in fact, actually injures, oppresses, threatens or intimidates another person in denying his free exercise of his civil rights, it is not a crime. We recommend that this be corrected.

Second, change the word "citizen" to "person", and the words "right or privilege secured to him by the Constitution" to "right, privilege, or immunity secured or protected by the Constitution".

Third, as to individuals, substantial penalties are provided for unlawful conduct which results in maiming or death.

A civil counterpart of Section 241 is 42 U.S.C. § 1985. This statute gives a right of action for damages to any person injured by an act done in furtherance of a conspiracy to (1) prevent a person from accepting or holding federal office or discharging its duties; (2) intimidate parties, witnesses or jurors, or otherwise obstruct justice; or (3) deprive persons of the equal protection of the laws or of equal privileges and immunities, including the right to vote in federal elections.

The legislation which we propose will add a new section to this statute to confer authority on the Attorney General to initiate civil action where necessary to protect the rights secured by that statute.

IV

At present the Civil Rights Section of the Department of Justice is one of a number of sections located within the Criminal Division. The protection of civil rights guaranteed by the Constitution is a governmental function and responsibility of first importance. It merits the full direction of a highly qualified lawyer, with the status of Assistant Attorney General, appointed by the President with the advice and consent of the Senate.

In this area, as pointed out above, major emphasis should be on civil law remedies. The civil rights enforcement activities of the Department of Justice should not, therefore, be confined to the Criminal Division.

Apart from the proposed new laws, the decisions and decrees of the United States Supreme Court relating to integration in the field of education and in other areas, and the civil rights cases coming before the lower federal courts in increasing numbers, are indicative of generally broadening legal activity in the civil rights field.

These considerations call for the authorization of an additional Assistant Attorney General to direct the Government's legal activities in the field of civil rights.

I believe that the enactment of all of this legislation not only will give us the means to meet, fully and intelligently, our responsibility for the safeguarding of Constitutional rights in this country, but will demonstrate to the world at large our determination to secure equal justice under law for all people.

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CABINET PAPER—PRIVILEGED
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CP - 56-48/3
April 10, 1956

The White House
Washington

THE CABINET

The Civil Rights Program - Letter and Statement by the Attorney General

The attached approved paper, and its appendix, are circulated for the information of the Cabinet.

The approved paper is the letter which was sent on April 9, 1956 by the Attorney General to the Vice President and to the Speaker of the House, and released to the press on the same day.

This letter was approved by the President subsequent to the Cabinet meeting of March 23, 1956 (of RA - 56-48, Item 2).

As an appendix to the letter, there is also circulated a copy of the Attorney General's statement on the civil rights program, given on Tuesday April 10, 1956 before the House Judiciary Committee.

Maxwell M. Rabb
Secretary to the Cabinet

The Vice President
United States Senate
Washington, D. C.

Dear Mr. Vice President:

At a time when many Americans are separated by deep emotions as to the rights of some of our citizens as guaranteed by the Constitution, there is a constant need for restraint, calm judgment and understanding. Obedience to law as interpreted by the courts is the way differences are and must be resolved. It is essential to prevent extremists from causing irreparable harm.

In keeping with this spirit, President Eisenhower, in his State of the Union Message, said:

> "It is disturbing that in some localities allegations persist that Negro citizens are being deprived of their right to vote and are likewise being subjected to unwarranted economic pressures. I recommend that the substance of these charges be thoroughly examined by a Bipartisan Commission created by the Congress. It is hoped that such a Commission will be established promptly so that it may arrive at findings which can receive early consideration. ***
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> "We must strive to have every person judged and measured by what he is, rather than by his color, race or religion. There will soon be recommended to the Congress a program further to advance the efforts of the Government, within the area of Federal responsibility, to accomplish these objectives."

I

The right to vote is one of our most precious rights. It is the cornerstone of our form of government and affords protection for our other rights. It must be safeguarded.

Where there are charges that by one means or another the vote is being denied, we must find out all of the facts -- the extent, the methods, the results. The same is true of substantial charges that unwarranted economic or other pressures are being applied to deny fundamental rights safeguarded by the Constitution and laws of the United States.

The need for a full scale public study as requested by the President is manifest. The executive branch of the federal government has no general investigative power of the scope required to undertake such a study. The study should be objective and free from partisanship. It should be broad and at the same time thorough.

Civil rights are of primary concern to all our people. To this end the Commission's membership must be truly bipartisan and geographically representative.

A bill detailing the Commission proposal is submitted with this statement.

The proposed legislation provides that the Commission shall have six members, appointed by the President with the advice and consent of the Senate. No more than three may be of the same political party. The Commission will be temporary, expiring two years from the effective date of the statute, unless extended by Congress. It will have authority to subpoena witnesses, take testimony under oath, and request necessary data from any executive department or agency. It may be required to make interim reports pending completion of a comprehensive final report containing findings and recommendations.

The Commission will have authority to hold public hearings. Knowledge and understanding of every element of the problem will give greater clarity and perspective to one of the most difficult problems facing our country. Such a study, fairly conducted, will tend to unite responsible people in common effort to solve these problems. Investigation and hearings will bring into sharper focus the areas of responsibility of the federal government and of the states under our constitutional system. Through greater public understanding, therefore, the Commission may chart a course of progress to guide us in the years ahead.

II

At present the Civil Rights Section of the Department of Justice is one of a number of sections located within the Criminal Division. The protection of civil rights guaranteed by the Constitution is a governmental function and responsibility of first importance. It merits the full direction of a highly qualified lawyer, with the status of Assistant Attorney General, appointed by the President with the advice and consent of the Senate.

In this area, as pointed out more fully below, more emphasis should be on civil law remedies. The civil rights enforcement activities of the Department of Justice should not, therefore, be confined to the Criminal Division.

The decisions and decrees of the United States Supreme Court relating to integration in the field of education and in other areas, and the civil rights cases coming before the lower federal courts in increasing numbers, are indicative of generally broadening legal activity in the civil rights field.

These considerations call for the authorization of an additional Assistant Attorney General to direct the Government's legal activities in the field of civil rights. A draft of legislation to effect this result is submitted herewith.

III

The present laws affecting the right of franchise were conceived in another era. Today every interference with this right should not necessarily be treated as a crime. Yet the only method of enforcing existing laws protecting this right is through criminal proceedings.

Civil remedies have not been available to the Attorney General in this field. We think that they should be. Criminal cases in a field charged with emotion are extraordinarily difficult for all concerned. Our ultimate goal is the safeguarding of the free exercise of the voting right, subject to the legitimate power of the state to prescribe necessary and fair voting qualifications. To this end, civil proceedings to forestall denials of the right may often be far more effective in the long run than harsh criminal proceedings to punish after the event.

The existing civil voting statute (section 1971 of Title 42, United States Code) declares that all citizens who are otherwise qualified to vote at any election (state or federal) shall be entitled to exercise their vote without distinction of race or color. The statute is limited, however, to deprivations of voting rights by state officers or other persons purporting to act under authority of law. In the interest of proper law enforcement to guarantee to all of our citizens the rights to which they are entitled under the Constitution, I urge consideration by the Congress and the proposed Bipartisan Commission of three changes.

First, addition of a section which will prevent anyone from threatening, intimidating, or coercing an individual in the exercise of his right to vote, whether claiming to act under authority of law or not, in any election, general, special or primary, concerning candidates for federal office.

Second, authorization to the Attorney General to bring injunction or other civil proceedings on behalf of the United States or the aggrieved person in any case covered by the statute, as so changed.

Third, elimination of the requirement that all state administrative and judicial remedies must be exhausted before access can be had to the federal court.

IV

Under another civil rights statute (section 1985 of Title 42 of the United States Code) conspiracies to interfere with certain rights can be redressed only by a civil suit by the individual injured thereby. I urge consideration by the Congress and the proposed Bipartisan Commission of a proposal authorizing the Attorney General to initiate civil action where necessary to protect the rights secured by that statute.

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I believe that consideration of these proposals not only will give us the means intelligently to meet our responsibility for the safeguarding of Constitutional rights in this country, but will reaffirm our determination to secure equal justice under law for all people.

Sincerely,

Attorney General

STATEMENT BY THE ATTORNEY GENERAL ON LEGISLATIVE PROPOSALS FOR THE CREATION OF A CIVIL RIGHTS COMMISSION, THE CREATION OF A CIVIL RIGHTS DIVISION IN THE DEPARTMENT OF JUSTICE AND FOR THE AMENDMENT OF THE VOTING AND CIVIL RIGHTS STATUTES IN CERTAIN RESPECTS INCLUDING THE ADDITION TO BOTH OF PROVISIONS FOR THEIR ENFORCEMENT BY CIVIL REMEDIES IN THE DEPARTMENT OF JUSTICE.

BEFORE HOUSE JUDICIARY COMMITTEE
TUESDAY, APRIL 10, 1956 AT 10:00 A.M.

In his State of the Union Message, President Eisenhower said that his administration would recommend to the Congress a program to advance the efforts of the Government, within the area of Federal responsibility, to the end that every person may be judged and measured by what he is, rather than by his color, race or religion. Recently I transmitted to the Speaker of this House and to the President of the Senate our proposals on this subject. I am grateful for the opportunity to appear before this Committee to discuss these proposals and to comment, as well, upon other proposals relating to this same subject which are already pending before this Committee.

My letters to the Speaker of the House and to the President of the Senate recommend Congressional legislation on four matters: First, creation of the Bipartisan Commission on Civil Rights recommended by the President in his State of the Union Message; second, creation of an additional office of Assistant Attorney General to head a new Civil Rights Division in the Department of Justice; third, amendment of existing statutes to give further protection to the right to vote and to add civil remedies in the Department of Justice for their enforcement; and fourth, amendment of other civil rights laws to include the addition of civil remedies in the Department of Justice for their enforcement.

I. Civil Rights Commission.

In recommending the creation of a bipartisan civil rights commission, President Eisenhower said in his State of the Union Message:

> "It is disturbing that in some localities allegations persist that Negro citizens are being deprived of their right to vote and are likewise being subjected to unwarranted economic pressures. I recommend that the substance of these charges be thoroughly examined by a bipartisan commission created by the Congress."

A bill detailing the Commission proposal was submitted with my letters to the Speaker of the House and the President of the Senate. It provides that the Commission shall have six members, appointed by the President with the advice and consent of the Senate. No more than three shall be from the same political party. The Commission shall be temporary, expiring two years from the effective date of the statute, unless extended by Congress. It will have authority to subpoena witnesses, take testimony under oath and request necessary data from any executive department or agency. It may be required to make interim reports pending completion of a comprehensive final report containing findings and recommendations.

The Commission will have authority to hold public hearings. It will investigate the allegations that certain citizens of the United States are being deprived of their right to vote or are being subjected to unwarranted economic pressures by reason of their color, race, religion or national origin. It will study and collect information concerning economic, social and legal developments constituting a denial of equal protection of the laws. It will appraise the laws and policies of the Federal Government with respect to equal protection of the laws under the federal constitution.

The need for more knowledge and greater understanding of these most complex and difficult problems is manifest. A full scale public study of them conducted over a two year period by a competant bipartisan commission, such as is recommended by the President, will tend to unite responsible people of good will in common effort to solve these problems. Such a study will bring clearer definition of the constitutional boundaries between Federal and State governments and will insure that remedial proposals are within the appropriate areas of Federal and State responsibility. Through greater public understanding of these matters the Commission may chart a course of progress to guide the nation in the years ahead.

For a study such as that proposed by the President, the authority to hold public hearings, to subpoena witnesses, to take testimony under oath and to request necessary data from executive departments and agencies is obviously essential. No agency in the Executive Branch of Government has the legal authority to exercise such powers in a study of matters relating to civil rights.

II. Civil Rights Division in the Department of Justice.

In 1939 the present Civil Rights Section was created in the Criminal Division of the Department of Justice. Its function and purpose has been to direct, supervise and conduct criminal prosecutions of violations of the federal constitution and laws guaranteeing civil rights to individuals. As long as its activities were confined to the enforcement of criminal laws it was logical that it should be a section of the Criminal Division.

Recently, however, the Justice Department has been obliged to engage in activity in the civil rights field which is non-criminal in character. An example is the recent participation of the Department, as amicus curiae, in a civil suit to prevent by injunction unlawful interference with the efforts of the school board at Hoxie, Arkansas, to eliminate racial discrimination in the school in conformity with the Supreme Court's decision. The non-criminal activity of the Department in the civil rights field is constantly increasing in importance as well as in amount. If my recommendations, discussed subsequently, for legislation to provide civil remedies in the Department of Justice for the enforcement of voting and other civil rights are followed, the Department's duties and activities in the civil courts will increase even more rapidly than in the past.

It is essential that all the Department's civil rights activity, both criminal and non-criminal, be consolidated in a single organization, but it is not appropriate that an organization with important civil as well as criminal functions should be administered as a part of the Criminal Division.

Consequently, I most earnestly recommend that the appointment of a new assistant attorney general be authorized by the Congress in order to permit the proper consolidation and organization of the Department's civil and criminal activities in the area of civil rights into a division of the Department and under the direction of a highly qualified lawyer with the status of an assistant attorney general. A draft of legislation to effect this result was transmitted with my letters to the Speaker of the House and the President of the Senate.

III. Amendments to Give Greater Protection to the Right to Vote and to Provide Civil Remedies in the Department of Justice for their Enforcement.

The right to vote is one of our most precious rights. It is the cornerstone of our form of government and affords protection for our other rights. It must be zealously safeguarded.

Article I, Sections 2 and 4, of the Constitution place in the Congress the power and the duty to protect by appropriate laws elections for office under the Government of the United States. With respect to elections for state and local office, the Fifteenth Amendment to the Constitution provides that the right of citizens of the United States to vote shall not be denied or abridged by the United States or by any state on account of race, color, or previous condition of servitude. And the Fourteenth Amendment prohibits any state from making or enforcing laws which abridge the privileges and immunities of citizens of the United States and from denying to any person the equal protection of the laws. The courts have held that these prohibitions operate against election laws which discriminate on account of race, color, religion or national origin.

To implement these provisions of the Constitution Congress passed many years ago a voting statute, 42 U.S.C. 1971 (R.S. 2004), which provides that all citizens shall be entitled and allowed to vote at all elections, state or federal, without distinction based upon race or color. It was the duty of Congress under the Constitution and its amendments to pass legislation giving full protection to the right to vote and undoubtedly it was the intent of Congress to provide such protection by passing 42 U.S.C. 1971.

However, in the years since its enactment, a number of serious defects in the statute have become plainly apparent, most of them having been pointed out in judicial decisions. The most obvious defect in the law is that it does not protect the voters in federal elections from unlawful interference with their voting rights by private persons. It applies only to those who act "under color of law", which means to public officials. The activities of private persons and organizations designed to disfranchise voters in federal or state elections on account of race or color are not covered by the present wording of 42 U.S.C. 1971 and the statute fails, therefore, to afford voters the full protection from discrimination contemplated and guaranteed by the Constitution and its amendments.

Section 1971 of Title 42, United States Code, is clearly defective in another important respect. It fails to lodge in the Attorney General any authority to invoke civil remedies for enforcement of voting rights and is particularly lacking in any provision authorizing the Attorney General to apply to the courts for preventive relief against violation of voting rights. We think this is a major defect. The ultimate goal of the Constitution and of Congress is the safeguarding of the free exercise of the voting right, acknowledging the legitimate power of the states to prescribe necessary and fair voting qualifications. Civil proceedings by the Attorney

General to forestall illegal interference and denial of the right to vote would be far more effective in achieving this goal than the private suits for damages presently authorized by the statute or the criminal proceedings authorized under other laws which can never be instituted until after the harm is done.

Consequently, I think that Congress should now recognize that in order to properly execute the Constitution and its amendments, and in order to perfect the intended application of the statute, Section 1971 of Title 42, United States Code, should be amended by:

First, the addition of a section which will prevent anyone, whether acting under color of law or not, from threatening, intimidating or coercing an individual in his right to vote in any election, general, special or primary, concerning candidates for federal office.

Second, authorization to the Attorney General to bring civil proceedings on behalf of the United States or any aggrieved person for preventive or other civil relief in any case covered by the statute.

Third, express provision that all state administrative and judicial remedies need not be first exhausted before resort to the federal courts.

IV. Amendment of Other Civil Rights Laws to Include the Addition of Civil Remedies in the Department of Justice for their Enforcement.

In attempting to achieve the constitutional goal of respect for and observance of the civil rights of individuals, it has been, in my opinion, a mistake for the Congress to have relied so heavily upon the criminal law and to have made so little use of the more flexible and often more practical and effective processes of the civil courts. Although the Attorney General, under present statutes, can prosecute after violations of the civil rights laws have occurred, he cannot seek preventive relief in the courts when violations are threatened or, in spite of an occasional arrest or prosecution, are persistently repeated.

Criminal prosecution can never begin until after the harm is done and it can never be invoked to forestall a violation of civil rights no matter how obvious the threat of violation may be. Moreover, criminal prosecution for civil rights violations, when they involve state or local officials as they often do, stir up an immense amount of ill feeling in the community and inevitably tend to cause very bad relations between state and local officials on the one hand and the federal officials responsible for the investigation and prosecution on the other. A great deal of this could be avoided if the Congress would authorize the Attorney General to seek preventive and other appropriate relief from the civil courts in civil rights cases.

Let me illustrate:

In 1952, several Negro citizens of a certain county in Mississippi submitted affidavits to us alleging that because of their race the Registrar of Voters refused to register them. Although the Mississippi statutes at that time required only that an applicant be able to read and write the Constitution, these affidavits alleged that the Registrar demanded that the Negro citizens answer such questions as "What is due process of law?" "How many bubbles in a bar of soap?", etc. Those submitting affidavits included college graduates, teachers and businessmen yet none of them, according to the Registrar, could meet the voting requirements. If the Attorney General had the power to invoke the injunctive process, the Registrar could have been ordered to stop these discriminatory practices and qualify these citizens according to Mississippi law.

Another illustration:

The United States Supreme Court recently reversed the conviction of a Negro sentenced to death by a state court because of a showing that Negroes had been systematically excluded from the panels of the grand and petit juries that had indicted and tried him. In so doing the Supreme Court stated that according to the undisputed evidence in the record before it systematic discrimination against Negroes in the selection of jury panels had persisted for many years past in the county where the case had been tried. In its opinion the Court mentioned parenthetically but pointedly that such discrimination was a denial of equal protection of the laws and it would follow that it was a violation of the federal civil rights laws.

Accordingly, the Department of Justice had no alternative except to institute an investigation to determine whether in the selection of jury panels in the county in question the civil rights laws of the United States were being violated, as suggested by the record before the Supreme Court. The mere institution of this inquiry aroused a storm of indignation in the county and state in question. This is understandable since, if such violations were continuing, the only course open to the Government was criminal prosecution of those responsible. That might well have meant the indictment in the federal court of the local court attaches and others responsible under the circumstances.

Fortunately the Department was never faced with so difficult and disagreeable a duty. The investigation showed that, whatever the practice may have been during the earlier years with which the Supreme Court's record was concerned, in recent years there had been no discrimination against Negroes in the selection of juries in that county.

Supposing, however, that on investigation, the facts had proved otherwise. The necessarily resulting prosecution would have stirred up such dissention and ill will in the community and in the state that it might well have done more harm than good. Such unfortunate collisions in the criminal courts between federal and state officials can be avoided if the Congress would authorize the Attorney General to apply to the civil courts for preventive relief in civil rights cases. In such a civil proceeding the facts can be determined, the rights of the parties adjudicated and future violations of the law prevented by order of the court without having to subject state officials to the indignity, hazards and personal expense of a criminal prosecution in the courts of the United States.

Congress could authorize the Attorney General to seek civil remedies in the civil courts for the enforcement of civil rights by a simple amendment to Section 1985 of Title 42, United States Code (R.S. 1980). That statute presently authorizes civil suits by private persons who are injured by acts done in furtherence of a conspiracy to do any of the following things: (1) to prevent officers from performing their duties; (2) to obstruct justice; (3) to deprive persons of their rights to the equal protection of the laws and equal privileges under the laws.

A subsection could be added to that statute to give authority to the Attorney General to institute a civil action for redress or preventive relief whenever any persons have engaged or are about to engage in any acts or practices which would give rise to a cause of action under the present provisions of the law.

Such an amendment would provide a procedure for enforcement of civil rights which in my opinion would be far simpler, more flexible, more reasonable and more effective than the criminal sanctions which are the only remedy now available.

V. Comment on Other Proposals Relating to Civil Rights Now Pending Before this Committee.

There must certainly be grave doubt as to whether it is wise to propose at the present time any further extension of the criminal law into the extraordinarily sensitive and delicate area of civil rights. Because of this doubt and because of my conviction previously expressed as to the importance of civil remedies in this field, the Department of Justice is not proposing at this time any amendments to sections 241 and 242 of Title 18, United States Code, which are the two principal criminal statutes intended for the protection of civil rights. Whether the present moment is appropriate for such legislation is, of course a question for the Congress to determine.

Nevertheless, it must be conceded that all question of timeliness aside and considered strictly from a law enforcement point of view both statutes have defects. I have observed that H.R. 627 would amend them both and, if they are to be amended, I have a few comments and suggestions to offer.

First: Section 241 of Title 18, United States Code, makes it unlawful for two or more persons to conspire "to injure, oppress, threaten or intimidate any citizen in the free exercise or enjoyment of any right or privilege secured to him by the Constitution or laws of the United States, or because of his having so exercised the same." The statute fails to penalize such injury, oppression, threats or intimidation when committed by a single individual, which not infrequently occurs. This should be corrected.

Second: The word "citizen" now appearing in the statute should be changed to "person" and the words "right or privilege secured to him by the Constitution" should be changed to "right, privilege or immunity secured or protected by the Constitution." The purpose of the suggested changes is to protect more completely the interests guaranteed to all persons by the 14th and 15th Amendments.

Third: The penalty in ordinary cases should be left as it is, a misdemeanor, but more substantial penalties should be provided for unlawful conduct prohibited by this statute which results in maiming or death.

The amendment of Section 242 of Title 18 would be so extraordinarily complicated that I do not recommend that it be attempted at the present time. In the case of *Screws* vs. *U.S.* 325 U.S. 91 the statute was upheld by a closely divided court only because of the construction placed by the court upon the word "willfully" as it appears in the statute. Yet it is the construction placed upon that word by the Supreme Court that causes the most serious practical difficulties in enforcement and other amendments would be of little avail without changing the word "willfully." However, to make the change would seriously jeopardize once more the constitutionality of the entire statute. Consequently, it is recommended that amendments should not be attempted at the present time.

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RA - 56-48

March 23, 1956

The White House

Washington

THE CABINET

Record of Action

The following is the action taken on the items presented at the Cabinet Meeting of March 23, 1956:

1. Observations Concerning the Trip to Asia

[Information Item Only]

2. The Civil Rights Program - Proposed Statement by the Attorney General (Revised) CP - 56-48/2

ACTION:

Following an extensive Cabinet discussion, it was agreed that the Attorney General would confer further with the President concerning the final form of the proposed Statement.

3. Maintaining the Balance in the 1956 and 1957 Budgets

ACTION:

It was agreed that Department Heads must continue personally to lead the effort against increased expenditures.

4. Cabinet Television Appearance

ACTION:

It was agreed that the invitation in question should be declined.

5. First Quarter Economic Report

ACTION:

The Cabinet noted the warning by the Chairman of the Council of Economic Advisers against any Government actions which would tend, during the next four weeks, further to tighten credit.

6. 1956 Planning

ACTION:

Each Department Head was asked to designate a liaison officer to work with Governor Pyle on the materials and suggestions presented at the Meeting.

CABINET PAPER
For Action

ADDITIONAL ITEMS:

A. Executive Branch Coordination with respect to the Commission on Government Security

ACTION:

Noting the great value of the work of Mr. Donegan's Personnel Security Advisory Committee since it was formed in January of 1955, the Cabinet, on the recommendation of the Attorney General, agreed that, in carrying out the request made in the President's memorandum of March 6, 1956:

1) Departments and Agencies are to use the Personnel Security Advisory Committee as the coordinating mechanism on important matters of common concern pertinent to the work of the Commission on Government Security, particularly in regard to the supplying of information;

2) Departments and Agencies not Members of the Committee should designate liaison representatives to participate with the Committee on an ad hoc basis, and should inform the Chairman of such designations;

3) Departments and Agencies should assist the Committee in fulfilling its expanded duties, such assistance to include the temporary detailing of personnel, when necessary.

B. The Inter-Agency Committee on Investigations - (RA - 28, Item 2-a) Progress Report

ACTION:

It was reaffirmed that this Committee, established by the Cabinet last July 29, would continue to be used by Departments and Agencies as the Executive Branch coordinating point for matters of common concern involved in impending Congressional investigations, with two exceptions:

1) the Commission on Government Security (cf Item A above)

2) the investigation of Civil Defense, which will be discussed in the Civil Defense Coordinating Board.

Maxwell M. Rabb
Secretary to the Cabinet

March 22, 1956

MEMORANDUM FOR THE PRESIDENT

Subject: Cabinet Agenda for Friday, March 23.

The following items are scheduled, subject to your approval, for the Cabinet Agenda of March 23:

Item 1 - Observations Concerning the Trip to Asia
The Secretary of State

For the benefit of the Cabinet Mr. Dulles will make some summary remarks about his recent trip to Asia and the Far East. These remarks will not duplicate the detailed report he is scheduled to make to the NSC on Thursday.

Item 2 - The Civil Rights Program - Proposed Statement of the Attorney General (Revised)
The Attorney General

A draft of this statement was discussed at the last Cabinet Meeting (March 9), in conjunction with Mr. J. Edgar Hoover's briefing. You made certain comments on the Statement, and it was agreed that it would be given further review.

A week ago a revised Statement was circulated by this office; Cabinet members were asked to comment directly on it to the Attorney General. Based on these comments, Mr. Brownell has prepared a further revision (CP - 56-48/2) which, as you requested, will be considered again by the Cabinet this week.

Item 3 - Maintaining the Balance in the 1956 and 1957 Budgets
The Director, Bureau of the Budget

The new figures on 1956 expenditures and revenue estimates, as well as the latest figures on 1957 appropriations, are available. As is agreed, this monthly report will be made to the Cabinet to alert you and the Department Heads to the "danger points" and areas of potential slippage.

Item 4 - Cabinet Television Appearance

The Press Secretary

We have received an invitation from NBC to have the ten Cabinet Secretaries appear on Meet the Press for an hour and a half (4:00 to 5:30 P.M.) on a Sunday in the near future (April 22, May 27 or June 17). Ten reporters -- a cross section of the press corps -- would ask the Cabinet questions. This presentation would provide the Administration with an estimated $150,000 worth of free time.

Mr. Hagerty would like to discuss the pros and cons of this with the Cabinet and with you for a decision.

Item 5 - First Quarter Economic Report

The Chairman, Council of Economic Advisers

It has been several months since the Cabinet has heard a report from Dr. Burns on current economic trends. It is vitally important that the Cabinet, through Dr. Burns, keep its fingers on the pulse of the nation's economy - in order that any significant "up" or "down" indicators can be appraised immediately. Dr. Burns has recently briefed you as to his conclusions, but the facts and reasoning lying behind them will be brought out Friday.

Item 6 - 1956 Planning

Governor Pyle

Governor Pyle will give the Cabinet a succinct picture of what will be needed from the Cabinet Members and the top officers of their Departments during the 1956 campaign. He will particularly emphasize the importance of selective speech-making in marginal districts and the need for Cabinet Members to begin thinking about Republican platform planks in their respective fields.

NOTE:

You asked Mr. Kestnbaum to present the problem of "Mutualization" to the Cabinet. Mr. Kestnbaum has to be out of town this Friday, and has advised me that the development of this subject for Cabinet presentation will require two weeks.

Maxwell M. Rabb
Secretary to the Cabinet

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COPY NUMBER: 1
CP - 56-48/2
March 20, 1956

The White House
Washington

THE CABINET

The Civil Rights Program - Proposed Statement of the Attorney General (Revised)

For consideration by the Cabinet at its coming meeting, attached is the second revision of the proposed Statement by the Attorney General to the Congress concerning Civil Rights.

This version has been prepared on the basis of the Cabinet discussion at the March 9 Meeting, and on the basis of comments received from Cabinet Members concerning the draft of March 15, 1956 (CP - 56-48/1).

Maxwell M. Rabb
Secretary to the Cabinet

CABINET PAPER

For Consideration

COPY NUMBER: 1

The Civil Rights Program - Proposed Statement of the Attorney General (Revised)

President Eisenhower, in his State of the Union Message, said:

> "It is disturbing that in some localities allegations persist that Negro citizens are being deprived of their right to vote and are likewise being subjected to un-warranted economic pressures. I recommend that the substance of these charges be thoroughly examined by a Bipartisan Commission created by the Congress. It is hoped that such a Commission will be established promptly so that it may arrive at findings which can receive early consideration.
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> "We must strive to have every person judged and measured by what he is, rather than by his color, race or religion. There will soon be recommended to the Congress a program further to advance the efforts of the Government, within the area of Federal responsibility, to accomplish these objectives."

Under our system of government, conflicts as to the interpretations of existing law are determined by the courts. This is true whether the question involves a municipal ordinance, a state law, an act of Congress, or the Constitution of the United States. Our judicial tribunals have the ultimate authority to declare that the states, the Congress, or the Executive Branch of the Federal Government have taken action which is contrary to the supreme law of the land. Obedience to law as interpreted by the courts is the way differences are and must be resolved.

At a time when many Americans are separated by deep emotions as to the rights of some of our citizens as guaranteed by the Constitution, there is a constant need for restraint, calm judgment and understanding. In order to prevent extremists from causing great disorder and irreparable harm it is important to rely on law and order for the resolution of these most difficult problems. It is particularly important, therefore, to provide more flexible civil remedies rather than to rely solely on existing criminal statutes to guarantee to all of our citizens the rights to which they are entitled under the Constitution.

With this in mind and in keeping with the President's message, I submit the following recommendations to the Congress: First, creation of the Bipartisan Commission referred to in the message; second, amendment of existing statutes to give further protection of the right to vote; third, amendment of existing civil rights statutes to further protect other rights, privileges and immunities secured by the Constitution; fourth, creation of an additional office of Assistant Attorney General to head a new Civil Rights Division in the Department of Justice.

Separate bills detailing these four proposals are submitted with this statement.

I

The right to vote is one of our most precious rights. It is the cornerstone of our form of government and affords protection for our other rights. It must be zealously safeguarded.

Where there are charges that by one means or another the vote is being denied, we must find out all of the facts — the extent, the methods, the results. The same is true of substantial charges that unwarranted economic or other pressures are being applied to deny other fundamental rights safeguarded by the Constitution and laws of the United States. The President has therefore asked Congress to create a Bipartisan Commission, clothed with all powers necessary to make thorough investigations, findings, and recommendations.

The responsibility for the solution of this problem does not rest solely on the people of any particular area or locality. It is as well the common problem and responsibility of all of us, north, south, east or west. The need for a full scale public study is manifest. The executive branch of the federal government has no general investigative power of the scope required to undertake such a study. The study should be objective and free from partisanship. It should be broad and at the same time thorough.

We must affirm to all the world that civil rights are of primary concern to all our people. To this end the selection of the Commission's membership must be truly bipartisan and geographically representative.

The proposed legislation provides that the Commission shall have six members, appointed by the President with the advice and consent of the Senate. No more than three may be of the same political party. The Commission will be temporary, expiring two years from the effective date of the statute, unless extended by Congress. It will have authority to subpoena witnesses, take testimony under oath, and obtain official data from any executive department or agency. It may be required to make interim reports pending completion of a comprehensive final report containing findings and recommendations.

The Commission will have authority to hold public hearings in areas where there are substantial reasons for concern over alleged denials of equal protection under the laws of the United States. Knowledge and understanding of every element of the problem will give greater clarity and perspective to one of the most difficult problems facing our country. Such a study, fairly conducted, will tend to unite responsible people in common effort to combat ignorance and lawlessness. Investigation and hearings will bring into sharper focus the areas of responsibility of the federal government and of the states under our constitutional system. Through greater public understanding, therefore, the Commission may chart a course of progress to guide us in the years ahead.

II

The first of the proposed amendments to existing law concerns voting. In this the Federal government seeks no broader statutory power than is necessary to protect the rights of suffrage guaranteed by the Fourteenth and Fifteenth Amendments and other provisions of the Constitution.

Civil remedies have never before been available to the Attorney General in this field. We think that they should be available. Heretofore the Department of Justice has been limited to the bringing of criminal actions after the harm has been done. Criminal cases in this sensitive field, by their very nature, are extraordinarily difficult for all concerned. Our ultimate goal is the safeguarding of the free exercise of the voting right, subject to the legitimate power of the state to prescribe necessary and fair voting qualifications. To this end, civil proceedings to forestall denials of the right may often be far more effective in the long run than criminal proceedings to punish after the event.

First, the proposed legislation will change the existing civil voting statute, 42 U.S.C. § 1971. This statute declares that all citizens who are otherwise qualified to vote at any election (state or federal) shall be entitled to exercise their vote without distinction of race or color. The statute is limited, however, to deprivations of voting rights by state officers or other persons acting under color of law. We recommend the addition of a section which will cover a denial of the right to vote caused by anyone, whether acting under color of law or not, in any election, general, special or primary, concerning candidates for federal office. Thus, the amended statute will give rise to civil remedies (1) in a federal election, including primaries, where a person's vote is unlawfully denied by anyone, and (2) in any election, state or federal, where the federal government, a state, or a person acting under color of law, denies a person the right to vote because of his race or color.

Second, it is recommended that this statute be further amended to provide that the Attorney General may bring injunction or other civil proceedings on behalf of the United States or the aggrieved person in any case covered by the statute and the amendments described above.

Third, we recommend that the statute be further amended to overcome the effect of court decision that all state administrative and judicial remedies must be exhausted before access can be had to the federal court. Thus direct relief may be sought in the federal court.

Fourth, we recommend amendment of Title 28 of the Code to ensure that federal district courts shall have jurisdiction in civil rights cases.

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III

In addition to the voting bill, we propose legislation to strengthen another civil rights statute — 18 U.S.C. 241. This statute makes it unlawful for two or more persons to conspire "to injure, oppress, threaten or intimidate any citizen in the free exercise or enjoyment of any right or privilege secured to him by the Constitution or laws of the United States, or because of his having so exercised the same." As a sanction against abuses of civil rights, it can become more effective with these proposed changes:

First, broaden the statute to include individuals. Under the present statute if two or more persons merely conspire to deny another person his civil rights, it is a crime; however, if a single individual, in fact, actually injures, oppresses, threatens or intimidates another person in denying his free exercise of his civil rights, it is not a crime. We recommend that this be corrected.

Second, change the word "citizen" to "person", and the words "right or privilege secured to him by the Constitution" to "right, privilege, or immunity secured or protected by the Constitution." The purpose of these changes is to protect more fully the interests guaranteed to individuals by the 14th and 15th Amendments.

Third, as to individuals, substantial penalties are provided for unlawful conduct prohibited by this statute which results in maiming or death.

A civil counterpart of Section 241 is 42 U.S.C. § 1985. This statute gives a right of action for damages to any person injured by an act done in furtherance of a conspiracy to (1) prevent a person for accepting or holding federal office or discharging its duties; (2) intimidate parties, witnesses or jurors, or otherwise obstruct justice; or (3) deprive persons of the equal protection of the laws or of equal privileges and immunities, including the right to vote in federal elections.

The legislation which we propose will add a new section to this statute to confer authority on the Attorney General to initiate civil action where necessary to protect the rights secured by that statute.

IV

At present the Civil Rights Section of the Department of Justice is one of a number of sections located within the Criminal Division. The protection of civil rights guaranteed by the Constitution is a governmental function and responsibility of first importance. It merits the full direction of a highly qualified lawyer, with the status of Assistant Attorney General, appointed by the President with the advice and consent of the Senate.

In this area, as pointed out above, major emphasis should be on civil law remedies. The civil rights enforcement activities of the Department of Justice should not, therefore, be confined to the Criminal Division.

Apart from the proposed new laws, the decisions and decrees of the United States Supreme Court relating to integration in the field of education and in other areas, and the civil rights cases coming before the lower federal courts in increasing numbers, are indicative of generally broadening legal activity in the civil rights field.

These considerations call for the authorization of an additional Assistant Attorney General to direct the Government's legal activities in the field of civil rights.

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I believe that the enactment of this legislation not only will give us the means intelligently to meet our responsibility for the safeguarding of Constitutional rights in this country, but will demonstrate to the world at large our determination to secure equal justice under law for all people.

CONFIDENTIAL

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April 3, 1956

The White House

Washington

THE CABINET

Agenda

9:00 A.M., Friday, April 6, 1956

1. Mobilization Plan "C" Readiness Exercise	CI - 56-39	The Director, Office of Defense Mobilization
2. General Instructions for Operation Alert, 1956	CI - 56-38	The Director, Office of Defense Mobilization
3. Interim Plan for the Implementation of the Senior Civil Service Proposal	CI - 56-37	The Chairman, Civil Service Commission The Acting Chairman, President's Advisory Committee on Government Organization (Honorable Arthur Flemming) The Honorable Meyer Kestnbaum
4. Government Competition with Business	CP - 56-14/2	The Director, Bureau of the Budget
5. Administration Policy Concerning Payments in Lieu of Taxes to Local Governments	CI - 56-40	The Honorable Meyer Kestnbaum
6. Charges for Certain Government Services	CP - 56-49/1	The Director, Bureau of the Budget

Maxwell M. Rabb
Secretary to the Cabinet

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Date 2/1/74
By ARL/DJH, NARS Date 2/22/74

CABINET PAPER
For Action

CONFIDENTIAL

DETERMINED TO BE AN
ADMINISTRATIVE MARKING
E.O. 11652, Section 1
By bc NLE, Date 11/20/78

MINUTES OF CABINET MEETING

April 6, 1956
9:00 A.M. -- 10:53 A.M.

The following were present:

President Eisenhower

Sec. Dulles
Sec. Humphrey
Deputy Sec. Robertson
(for Sec. Wilson)
Mr. Brownell
Deputy PMG Stans
(for Mr. Summerfield)
Sec. McKay
Under Sec. Morse
(for Sec. Benson)
Sec. Weeks
Sec. Mitchell
Under Sec. Herold C. Hunt
(for Sec. Folsom)

Director Brundage
Dr. Flemming
Chairman Young
Dr. Burns
Amb. Lodge

Dr. Milton Eisenhower, in part
Mr. Harold Aitken, FCDA, in part
Mr. Joseph Winslow, CSC
Mr. Arthur Kimball, President's Advisory Committee on Government Organization
Mr. Jarold A. Kieffer, " "

Gov. Adams
Gen. Persons
Mr. Shanley
Dr. Hauge
Col. Goodpaster
Gov. Pyle
Mr. Jackson, in part
Mr. Kestnbaum
Mr. McCann
Mr. Seaton, in part
Commander Beach, in part
Mr. Rabb
Mr. Patterson
Mr. Minnich

Mobilization Plan "C" Exercise (CI- 56-39) -- Dr. Flemming presented the program for a Mobilization Exercise under Plan "C" on April 19th as a means of acquainting agency staffs with the actions they would have to take should the United States become engaged in hostilities short of general war.

Sec. Dulles indicated the need for specifying the locale of the assumed hostilities, since State Department actions would vary according to the country involved. Dr. Flemming agreed and said that the initial statement of assumptions would specify Korea.

Operation Alert, 1956 (CI- 56-38) -- Dr. Flemming touched briefly on the plans for Operation Alert 1956 and urged that Cabinet members participate at the beginning and at the end of the exercise.

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National Conference on Parole - The Attorney General reported that a National Parole Conference would begin on April 11th as a means of carrying out some of the ideas advanced by the President some time ago. He invited the departments and agencies to send representatives to the Conference.

Senior Civil Service (CI - 56-37) -- Chrm. Young cited the President's letter of January 21st directing review of the Hoover Commission proposals regarding personnel. He then presented a series of charts on the purposes of the Hoover Commission recommendation for a Senior Civil Service, on the benefits to be gained from it, and on some of the major problems involved. The President commented that the military had been able to operate for decades along such lines without undue political elements creeping in to the system. Chrm. Young in reply stressed the need for creating the "non-political" tradition.

Mr. Young then set forth his recommendation for a Developmental Plan that could be carried through without immediate legislation and would serve to develop departmental support. He referred to the basic question of whether Congress should be asked this session for an omnibus bill for the entire project recommended by the Hoover Commission. He believed any request to Congress ought to be preceded by further groundwork and 'education' of the agencies. The plan would be established in several major agencies and in several functional areas to be selected from those such as research and development, insurance - retirement, natural resource development, economic regulation, and management services. A Development Committee would be set up to initiate the program, extend it as appropriate, and recommend legislation. Selection of the Senior personnel would be made probably at the GS-15 or GS-16 level. A preliminary effort to identify future candidates for the Service would be made at the GS-11 or GS-12 level.

Since the Developmental Plan would be established without benefit of new legislation, it could not incorporate the Hoover Commission provision for salary based on the individual rather than on the job, for pay between assignments, for premium pay and retirement benefits, or for the full time Board.

Mr. Young requested Cabinet approval for issuing an Executive Order, appointing the Committee, beginning the agency and functional programs, and developing legislation. Mr. Young then distributed papers outlining the Developmental Plan and comparing it with the Hoover Commission program.

The President asked a series of questions to bring out the extent of flexibility of assignment, selection of personnel, pay, and the principal

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advantages as seen by those long experienced in Government personnel matters. Dr. Flemming praised the program and cited the principal advantage of increased flexibility for Cabinet officers in transferring tested career men to positions where they could make the greatest contribution. The President questioned how far experience could be broadened without involving the making of high policy. Dr. Flemming cited the functional areas as showing how this could operate short of top policy. He referred to the success achieved in the British Government.

Sec. Dulles cautioned that this program was not a minor matter, that political neutralism is extremely difficult to obtain, that the group would inevitably be involved in policy making, hence that the program if undertaken would make more difficult the task of a new Administration for carrying out an electoral mandate for important changes in policy. Dr. Flemming commented that other Hoover recommendations would protect against enlarging the jurisdiction of career personnel. Amb. Lodge concurred in Sec. Dulles' view, then added that a plan of this sort could be useful provided it never encompassed top level jobs (Under Secretaries) as in France. Sec. Dulles noted that the recommended salary would exceed that of very high State Department officials. Dr. Flemming replied that the recommended salary would have to be preceded by a general increase in Executive pay.

The President emphasized how important would be the work of the Selection Board. Sec. Humphrey stressed that the freedom of Cabinet officers should not be further circumscribed and indicated he could accept the plan so long as the number of political appointments is not reduced. Sec. Mitchell urged adoption of an informal system of transfers rather than this formal program, so as to avoid creation of new jealousies. Deputy Sec. Robertson cited the recommendations of the Hook Committee for a program like this to facilitate locating, developing and holding skilled people in functions such as those listed by Mr. Young.

The President recalled the extensive work of the Hoover Commission Task Force and urged the most serious consideration of the program by Cabinet officers. He asked that each Cabinet member review this material closely in respect to both the entire Hoover program and the Developmental Plan set forth at this meeting. Mr. Young offered to furnish further information on related Hoover Commission recommendations.

Mr. Brundage cautioned about premature discussion with staffs. Mr. Kestnbaum heartily recommended the program especially for the personal rank aspect. Sec. Weeks agreed that the program would provide greater incentive but he was not sure that increased objectivity would be possible. In response to Mr. Weeks' question about Veterans Preference legislation, Chrm. Young cited the need for new legislation. The President closed the discussion by directing further study of the Plan.

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Executive Pay - Sec. Dulles urged that something be done to enlist the help of the Legislative Leaders in accomplishing this bill. The President noted the many approaches already made, and General Persons indicated that Sen. Olin Johnston now seemed ready to begin hearings. General Persons foresaw a fairly good chance of getting the Senate bill.

Payments in Lieu of Taxes (CI - 56-40) -- In presenting the paper on this subject, Mr. Kestnbaum emphasized the complexity of the problem, the extensive agitation for some legislation, the President's desire to avoid piecemeal legislation, the work of the Commission on Intergovernmental Relations, and the current recommendation for a government-wide plan in which the Government would be protected by the establishment of a cut-off date and the absence of judicial review.

In discussion, the President emphasized how local communities and their Congressional delegation violently opposed the transfer of a Government installation, even though they were unhappy over the absence of tax payments. He recalled the Georgia agitation for the establishment of Fort Benning and he questioned whether the legislation would be applicable to dam sites. Mr. Kestnbaum said it would not be applicable merely to real estate, that it would apply to industrial type installations. The President hoped to see great emphasis laid upon real hardship cases which would be so special that only a comparative few would qualify, and he went on to note that the local income from a Government installation -- thanks to salaries -- was much greater than any taxes in question. He repeated the need for careful qualification of eligibility.

Mr. Robertson cited the complexity of administering such a bill and estimated that it would cost the Defense Department $200 million per year or more. The President commented that the Government had arbitrarily in some cases moved into an area but there was always the compensating benefit of increased property values. Mr. Kestnbaum cited the difference between general local income and tax collections, then repeated the need for an Administration statement on the matter. The President agreed the Government should act in some cases but he would want new legislation carefully restricted. The Attorney General believed the proposal (CI-56-40) was not so limited as the President seemed to desire.

Mr. Kestnbaum stated that should the legislation be limited to hardship cases, Congress would insist on judicial determination. He noted that the mere change of ownership from private to public does not seem to justify to local citizenry the removal of the property from the tax rolls.

Mr. Kestnbaum noted that no legislation had been prepared by the Administration -- merely the limiting specifications in the paper. He believed this would hold the cost to much less than $200 million. The

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President remarked that any greater cost might inspire a veto. Mr. Kestnbaum added that future pressures for broadening the legislation would inevitably be encountered. The Attorney General wished to see, prior to decision, an analysis of how the Government already is compensating areas where Federal installations are located. The President concurred in the desirability of seeing such studies.

Sec. Dulles asked if the matter might be laid in the Court of Claims for decision. Mr. Kestnbaum warned of the dangers of cluttering up the courts. The President concluded the discussion with a comment that perhaps a specific appropriation might be made for subsequent apportionment among communities qualifying for relief.

Government Competition with Business (CP- 56-14/2) - Mr. Brundage briefly reviewed this paper, and urged that the Cabinet reaffirm its decision on the desirability of getting the Government out of commercial enterprises and make it clear that cost alone should not be the deciding factor. He noted the very serious effort made by the Defense Department to implement this policy and also the Congressional restraints imposed on it. Sec. Humphrey asserted the difficulty of talking about such installations in terms of broad principles since great variations existed as to the desirability of the Government carrying on activities. He cited especially the work of the Bureau of Engraving and Printing which he thought should certainly continue as a Government operation. Mr. Brundage, at the request of Randolph Burgess, took note of the several Government programs for guaranteeing interest rates, such as for college housing. Sec. Humphrey expressed dislike of such programs, and the President recalled that the Administration had opposed the college housing interest provisions.

The Attorney General asked for the support of other departments in regard to the legislation for the sale of General Analine.

Hoover Commission Recommendations - Governor Adams noted the criticism of the Administration for not proceeding rapidly on the Hoover Commission recommendations. He referred also to a letter from Mr. Clarence Francis calling attention to specific recommendations that each department might carry out.

Governor Adams asked that the Departments look closely at all the Hoover Commission recommendations including those of an exhortative nature and come to a decision on them -- adapting them, if need be, to fit the situation better. He indicated that the President's staff would be making progress inquiries.

Project Dedications - Governor Adams asked that the White House be

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advised during the coming months of all ceremonials such as the dedication of dams, earth-breaking for power plants, etc.

* * * *

Prior to the second last item, the President took note of Secretary McKay's departure from the Cabinet and expressed the hope that he would return to the room in the future as a Legislative Leader. Appropriate expressions of regret on departure followed from the President and the Secretary.

LAM
L. A. Minnich, Jr.

Copies to:
Mrs. Whitman ✓
Mr. Rabb
Mr. Minnich

ARCHIVAL BOND
25% COTTON

THE WHITE HOUSE
WASHINGTON

April 5, 1956

MEMORANDUM FOR THE PRESIDENT

SUBJECT: Revised Cabinet Agenda for April 6

The revised Agenda for tomorrow's meeting is as follows:

Remarks From You Concerning Secretary McKay (not listed)

This will be Secretary McKay's last Cabinet Meeting. It may be appropriate for you to make a few remarks on this occasion.

Item 1 - Mobilization Plan "C" Readiness Exercise
(The Director, Office of Defense Mobilization)

ODM's Plan "C" is designed to prepare for actions which might be required in event U.S. Forces become engaged in hostilities short of general war. Last Friday, in discussion with Dr. Flemming, you approved a test of Plan "C". The date has been set for Thursday, April 19, with an "enlarged" Cabinet Meeting tentatively scheduled for 2:30 that afternoon.

Since this Friday will be the last Cabinet Meeting before the Exercise, ODM is proposing to discuss the Plan "C" Test briefly at Cabinet this week.

PRESENTATION TIME: 10 MINUTES

Item 2 - General Instructions for Operation Alert, 1956
(The Director, Office of Defense Mobilization)

When this matter came up at the Cabinet Meeting of March 2, you asked that the bi-partisan leadership be consulted concerning the date, and that the question of five versus seven days duration be reviewed. Dr. Flemming presented the results of these assignments to you last Friday -- and you approved a seven-day test from July 20 to July 26. With these decisions made, the Cabinet urgently needs to be briefed and alerted, in order that all the subsidiary preparations and plans can be made with full Cabinet support.

PRESENTATION TIME: 5 MINUTES

Item 3 - Report on the Washington Parole Conference
(The Attorney General)

The Attorney General wishes to inform you and the Cabinet about the National Conference on Parole which is going to be held here in Washington next week. All the State Governors have been invited. Since it is likely that many of the Cabinet heads will be involved in other ways with these distinguished visitors, and since the subject matter of the conference is of general interest, the Attorney General will mention the Conference briefly.

PRESENTATION TIME: 2 MINUTES

Item 4 - Interim Plan for the Implementation of the Senior Civil Service Proposal (The Chairman, Civil Service Commission
Mr. Kestnbaum, Dr. Flemming)

This subject is of vital concern to every Cabinet Member, since it opens the opportunity for the creation of an experienced, trusted corps of top-level civilian career officers, uniquely equipped to serve the government's political command. In its Report on Personnel and Civil Service, the Hoover Commission strongly recommended what you have termed a "far-reaching, imaginative proposal": the creation of a Senior Civil Service. Since then, there has been intensive study of this proposal, all across the government. On January 26, 1956, in a letter to Mr. Young, you described your full accord with the principles upon which "this highly constructive proposal" was based, and asked the Civil Service Commission to submit promptly its analysis and recommendations.

(continued next page)

Working intimately with Mr. Kestnbaum and with Mr. Rockefeller's Committee on Government Organization, Mr. Young has now prepared this analysis (in the form of a valuable background paper) and he has specific, implementing recommendations to present to you and the Cabinet. These recommendations are designed to start the creation of a Senior Civil Service on a demonstration basis in the interim before legislation itself is introduced, and as the foundation for actual legislative recommendations in 1957.

PRESENTATION TIME: 30 MINUTES

Item 5 - Observations Concerning the Executive Pay Act
(The Secretary of State)

Secretary Dulles has asked that he be granted a minute to make some comments on the pending Executive Pay Bill.

Item 6 - Administration Policy Concerning Payments in Lieu of Taxes to Local Governments (Honorable Meyer Kestnbaum)

You will recall that what is involved here are the millions of acres of Federal land which escape state and local taxation. You have discussed this thorny problem with Mr. Kestnbaum, and have indicated some guiding principles which should be the basis for Administration policy.

Many bills are pending before the Congress, and our policy needs to be confirmed and spelled out, so that Cabinet officers' testimony will be consistent. Hearings are expected to begin on April 19 -- before another Cabinet Meeting. Because this subject affects so many of the Cabinet Departments and because of this time-deadline, I have agreed with Mr. Brundage and Mr. Kestnbaum to place this subject on the Cabinet Agenda this week.

PRESENTATION TIME: 15 MINUTES

Item 7 - Government Competition with Business
(The Director, Bureau of the Budget)

In January 1955, the Cabinet concurred with, and you approved, the following policy:

> "That the Federal Government will not start or carry on any commercial activity to provide a service or product for its own use if such product or service can be procured from private enterprise through ordinary business channels. Exceptions to this policy shall be made by the head of an agency only where it is clearly demonstrated in each case that it is not in the public interest to procure such product or service from private enterprise."

After fourteen months' experience with trying to implement this policy, the Bureau of the Budget reports that there is "insufficient application of the policy" and "lack of uniformity in the interpretation". Based on this fourteen months' experience, and on further data collected through an actual inventory of government enterprises, the Director of the Bureau of the Budget has furtherrecommendations to present. Chief among these is that the original policy be strongly reaffirmed.

A Cabinet paper setting forth his analysis and his four Recommendations, has been prepared, circulated in advance, and is ready for Cabinet discussion.

PRESENTATION TIME: 20 MINUTES

Maxwell M. Rabb

Maxwell M. Rabb
Secretary to the Cabinet

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4-6-56

[Charts used at Cabinet]

THE

CAREER

EXECUTIVE

PROGRAM

THE NEED

MODERN-DAY GOVERNMENT REQUIRES THE
VERY BEST EXECUTIVE TALENT

-- JUST GOOD IS NOT GOOD ENOUGH

LARGE TURNOVER FORECAST
-- RETIREMENT AND OTHER LOSSES
COULD BE 50% BY 1963 IN
SOME AGENCIES

HISTORY

HOOVER COMMISSION'S
"SR. CIVIL SERVICE"

CAREER EXECUTIVE COMMITTEE

CAREER EXECUTIVE PROGRAM
(E. O. 10758)

OBJECTIVES

IMPROVE SELECTION & TRAINING OF
CAREER EXECUTIVES

ESTABLISH CAREER GOAL FOR YOUNG ABLE
PEOPLE IN & OUT OF GOV'T TO ASPIRE TO

IDENTIFY FUTURE EXECUTIVES AND TRAIN THEM

INCREASE CAREER OPPORTUNITIES FOR TOP
LEVEL EMPLOYEES

INCLUSION OF POSITIONS

AGENCY HEAD

IDENTIFIES POSITIONS

- SUPERGRADE ONLY
- COMPETITIVE SERVICE
- MANAGERIAL OR ADMINISTRATIVE

BOARD

APPROVES POSITIONS FOR INCLUSION

PRESIDENTIAL DESIGNATION

AGENCY HEAD --NOMINATES EMPLOYEES WHO
--HAVE CAREER STATUS
--HOLD POSITION IN CES
--ARE QUALIFIED TO BE IN CES

BOARD --REVIEWS AGENCY NOMINATIONS
AND
--RECOMMENDS EMPLOYEES FOR
DESIGNATION

PRESIDENT --DESIGNATES EMPLOYEES AS
CAREER EXECUTIVES

VOLUNTARY PARTICIPATION

--EMPLOYEE OPTION TO DECLINE NOMINATION
TO CES

--CAREER EXECUTIVES FREE TO ACCEPT OR
DECLINE JOB OFFERS FROM OTHER AGENCIES

CAREER EXECUTIVE ELIGIBLES

WHO

- QUALIFIED GS-15 EMPLOYEES
- QUALIFIED INCUMBENTS OF SUPERGRADE JOBS IN COMPETITIVE SERVICE NOT APPROVED AS CES POSITIONS

HOW CHOSEN

- NOMINATED BY AGENCY
- APPROVED BY BOARD

REFERRAL FOR CAREER EXECUTIVE JOBS

- COMMISSION TO MAINTAIN ROSTER OF ELIGIBLES
- AGENCIES TO INITIATE REQUESTS

TERMINATION OF CAREER EXECUTIVE DESIGNATIONS

REASONS FOR TERMINATION

- RETIREMENT
- TERMINATION OF FEDERAL SERVICE
- TRANSFER TO A NON-CAREER POSITION
- REQUEST OF EMPLOYEE
- WITHDRAWAL OF DESIGNATION

BOARD'S FUNCTIONS

1. DEVELOP IMPROVED PROCEDURES
2. APPROVE AGENCIES' DESIGNATIONS OF POSITIONS FOR CES
3. RECOMMEND AGENCY-NOMINATED EMPLOYEES FOR PRESIDENTIAL DESIGNATION
4. RECOMMEND LEGISLATIVE CHANGES TO STRENGTHEN PROGRAM
5. HELP AGENCIES & COMMISSION IN EFFECTIVE ADMINISTRATION OF PROGRAM

PROGRAM RESPONSIBILITY

AGENCIES

- DESIGNATE POSITIONS
- NOMINATE CAREER EXECUTIVES
- IDENTIFY FUTURE CAREER EXECUTIVES
- DEVELOP EMPLOYEES' EXECUTIVE SKILLS

COMMISSION

- ISSUES REGULATIONS
- ADMINISTERS FEDERAL-WIDE PROGRAMS

CAREER EXECUTIVE BOARD

- RECOMMENDS CAREER EXECUTIVE DESIGNATIONS TO PRESIDENT
- ADVISES & ASSISTS AGENCIES & COMMISSION
- DEVELOPS IMPROVED PROCEDURES

AGENCY AUTHORITY

FILL CAREER EXECUTIVE JOBS WITH CAREER EXECUTIVES OR OTHERS WHO MEET CIVIL SERVICE REQUIREMENTS

APPRAISE PERFORMANCE OF CAREER EXECUTIVES

KEEP FULL CONTROL OVER ASSIGNMENT, PROMOTION, DISCIPLINE, ETC. OF CAREER EXECUTIVES

TIMETABLE

1. REGULATIONS
2. DEPARTMENTAL CIRCULAR ASKING AGENCIES TO IDENTIFY POSITIONS AND NOMINATE EMPLOYEES FOR CES
3. BOARD'S ACTION ON CAREER EXECUTIVE POSITIONS
4. PRESIDENTIAL DESIGNATION OF CAREER EXECUTIVES
5. ROSTER OF CAREER EXECUTIVE ELIGIBLES
6. APPRAISAL SYSTEM

WHAT THE CAREER EXECUTIVE PROGRAM DOES

FOCUSES ATTENTION ON NEED FOR TOPNOTCH CAREER EXEC'S

RECOGNIZES CONTRIBUTIONS OF CAREER EXEC'S

IDENTIFIES GROUP OF TOP JOBS AS CAREER GOAL FOR POTENTIAL EXEC'S

STIMULATES RESEARCH ON EXEC SELECTION, APPRAISAL, & CLASSIF.

EMPHASIZES TNG. PROGRAMS FOR PRESENT AND FUTURE CAREER EXEC'S

THE NEED

MODERN-DAY GOVERNMENT REQUIRES THE
VERY BEST EXECUTIVE TALENT

-- JUST GOOD IS NOT GOOD ENOUGH

LARGE TURNOVER FORECAST

-- RETIREMENT AND OTHER LOSSES
COULD BE 50% BY 1963 IN
SOME AGENCIES

RECOGNITION OF TOP CAREER LEVEL

RAISES PRESTIGE OF ENTIRE
GOVERNMENT SERVICE

ATTRACTS ABLE YOUNG PEOPLE

HELPS RETAIN COMPETENT EXECUTIVES

CONTRIBUTES TO HIGHER MORALE
AND BETTER PERFORMANCE

IDENTIFYING CAREER EXECUTIVE GROUP

GOVERNMENT MUST KNOW ITS EXECUTIVE RESOURCES - PRESENT AND POTENTIAL

---To pinpoint and prepare for replacement needs

---To tailor training to these needs

BETTER SELECTION REQUIRES

RESEARCH ON

- Personal qualities
- Eval. of experience and training

RECOGNITION OF EXECUTIVE POTENTIAL IN MIDDLE MGT

- Frequent appraisal of potential mgrs
- Intensive tng for GS-9 to 14 levels

GUIDES FOR OFFICERS WHO DO SELECTING

APPRAISAL

MEANS TO AN END

Identification of potential

Basis for individual training

More intelligent placement

CLASSIFICATION

ARE CURRENT PRACTICES

- Appropriate for broad management jobs
- Sound basis for training programs
- Sensitive to impact of man on job

TRAINING

NEW MANAGEMENT TECHNIQUES

GOVERNMENT-WIDE PERSPECTIVE OF ADMINISTRATION

ROLE OF CAREER EXECUTIVE IN DEMOCRACY

- Political executives
- Congress
- Public
- Special Interest Groups
- Employees

CABINET PAPER—PRIVILEGED

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March 30, 1956

The White House

Washington

THE CABINET

Analysis of the Hoover Commission Proposal for a Senior Civil Service

For information of the Cabinet, attached is a paper analyzing the proposal for a Senior Civil Service made by the Hoover Commission in its "Personnel and Civil Service Report" of February, 1955. This paper has been prepared under the auspices of the President's Adviser on Personnel Management, the President's Advisory Committee on Government Organization and the Special Assistant to the President on Hoover Commission Matters.

The attention of Cabinet Members is directed to the excerpt, which precedes the attached paper, from the President's letter of January 26, 1956. This excerpt states the President's general view with respect to the Hoover Commission's proposal.

The attached paper is divided into four parts, which may be summarized as follows:

Part I - Explains the objectives and features of the Hoover Commission proposal.

Part II - Compares the proposed system with the present system and explains how the proposal would overcome the shortcomings of the present system as it relates to top career employees

Part III - Lists the possible disadvantages involved in pressing for the new proposal. These are not readily refutable charges made against the proposal, but acknowledged risks and disadvantages which must be weighed against the advantages claimed in Parts I and II.

Part IV - Contains a series of questions raised about the proposal by the various agencies. Each question is followed by an answer. Generally, these questions differ from the disadvantages and risks listed in Part III in that they are based to some extent on misunderstanding or misapprehension and can be answered more readily.

The attached paper is being circulated as background information for Cabinet Members in conjunction with the Cabinet's consideration, on April 6, 1956, of (1) the Senior Civil Service proposal and (2) a plan which will be presented at the meeting providing for certain implementing steps to be taken now on a demonstration or test basis.

Maxwell M. Rabb
Secretary to the Cabinet

CABINET PAPER

For Information

CABINET PAPER—PRIVILEGED

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EXCERPT FROM THE PRESIDENT'S LETTER DATED JANUARY 26, 1956
TO THE HONORABLE PHILIP YOUNG

"In evaluating the career service, the Commission finds that the Government has need for a systematic program for selecting, developing and making more effective use of its top level civilian career employees. Our present Civil Service System was not designed to meet this need. One of the most far-reaching and imaginative proposals made by the Commission calls for the establishment of a senior civil service from which persons would be drawn to fill the highest career posts in Government. This group would be composed of civilian career employees selected by a bi-partisan board on the basis of superior ability and competence. In the conduct of their jobs, they would be nonpartisan. They would be expected to serve whatever Administration is in power with energy and loyalty. I am fully in accord with the principles upon which this highly constructive proposal is based. In preparing a plan to implement this proposal, great care must be taken to provide safeguards that will assure the impartial selection of personnel for this service and the performance of their tasks on a nonpartisan basis. I suggest that the Civil Service Commission submit promptly its analysis and recommendations."

* * * * *

CABINET PAPER

For Information

CI - 56-37
March 30, 1956

THE CABINET

Analysis of the Hoover Commission Proposal for a Senior Civil Service

PART I

SUMMARY OF THE HOOVER COMMISSION PROPOSAL

Background

The Hoover Commission noted that the Federal Government is now the most complex, most extensive and the most expensive of our business activities -- whether public or private -- and the personnel program for the Government's top management that sufficed in 1940 has become totally inadequate.

The Commission believed that the present Civil Service System, because of its nature and purpose, does not sufficiently recognize that, at the top career ranks, the man usually makes the job and not so much the job the man. Often at these levels the job sheet cannot effectively spell out the job, measure its value or provide a basis for comparisons with other jobs.

The Hoover Commission described the situation as follows:

> "The civil service law and system are designed primarily for other purposes. Originating as a reaction against the spoils system, and adapted to the large-scale employment problem, of 20th century government, the present Civil Service System has not been geared to provide or develop professional administrators at the higher levels. The extension to higher posts of concepts and procedures which were designed for a large number of standardized positions at lower levels has been awkward for both noncareer executives and career administrators, because such concepts disregard so completely both the personalities and the careers of individual men. New concepts, policies, and procedures are needed which are designed specifically to supply career administrators at the higher levels."

To meet this situation the Hoover Commission proposed the establishment of a Senior Civil Service.

The Senior Civil Service would consist of a group of top career administrators, carefully selected from all agencies solely on the basis of demonstrated competence. They would be nominated to the Service by their agency heads and selected by a Senior Civil Service Board 1/ for appointment to the Service with consent of the President. They would serve in types of positions agreed to by the Board and the agencies.

The primary objective is to select and identify within the Government a designated group of highly qualified career administrators whose competence, integrity and faithfulness have been amply demonstrated; who would work under the direction of the top noncareer executives and make it easier for them to discharge their responsibilities; and whose experience and abilities if properly used would add to the smoothness,

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1/ For a description of Senior Civil Service Board, see Sub-Section 9 below.

effectiveness and economy of Governmental operations. Another closely related objective is to make the career service more attractive to able men and women.

The basic features of the Senior Civil Service would be as follows:

1. Personal Rank Status -- Members of the Service would have their rank, basic salary, tenure and status vested in them as individual civil servants similar to that of general or flag-rank officers in the Armed Forces. This would depart from the traditional practice of attaching rank and salary to the particular job held.

2. Qualifications -- Persons would be eligible for the Senior Civil Service if they have:

   (a) Served in Grades 15 - 18;
   (b) Five years of Federal service;
   (c) Demonstrated competence, leadership, judgment, adaptability, skill in working relationships and capacity for continued growth and additional responsibility;
   (d) Experience in two or more agencies; and
   (e) Experience in both staff and operating work, and desirably, in both departmental and field service.

3. Extent of Coverage -- The Hoover Commission suggested that initially 1,500 people be appointed as rapidly as qualified persons can be selected. Ultimately, a strength of 3,000 may be needed. There are presently about 3,000 top management career positions in the Executive Branch. The proposal, therefore, does not embrace the creation of additional positions. Positions in Grades 1 through 14 would not be affected, except that the career incentives and opportunities provided may motivate them to obtain, ultimately, Senior Civil Service status. Persons in Grades 15 - 18 not selected for the Service would remain under the coverage of all personnel laws and rules now pertaining to them.

4. Flexibility -- Members could move from one job or assignment to another in top management with greater flexibility and without the present risk of losing their basic pay or status. Senior civil servants would not be subject to mandatory transfers to other departments or agencies nor would an agency be required to give up or hire individual senior civil servants.

5. Obligation to Serve -- Subject to a rule of reason and with the right to have his views considered in decisions, the senior civil servant would be expected to serve his department by filling an appropriate position in Washington, the field, or abroad, as needed.

6. Political Neutrality -- Senior civil servants would be expected to serve faithfully each Administration that takes office. They would be expected to avoid such emotional attachment to the policies of any Administration or to any particular policies or programs, that they could not accept change and work in harmony with new leaders, policies or programs. Senior civil servants would be expected to refrain from such political or partisan activities (except voting) as might compromise their official impartiality or would tend to identify them personally with a political party or its policies.

7. Compensation

   (a) Pay - Senior civil servants would be paid by their employing agencies from their regularly appropriated funds. The salaries proposed would range from the GS-15 level (now $11,500) to the Under Secretary level (now $17,500). The Senior Civil Service

Board would establish an entrance salary for each senior civil servant within the above pay range. This would be the basic pay which is vested in him personally regardless of assignment. Increases in pay above the entrance rate would be awarded by the Board periodically in recognition of continued growth and satisfactory performance of the senior civil servant. Senior civil servants could receive salaries higher than their basic salaries if departments or agencies assign them to positions normally compensated at a higher level. Subsequently, if the senior civil servant is transferred to another position which is compensated at a lower rate he would return to that lower rate unless it was smaller than his basic salary.

(b) Continuity of Pay - When temporarily unassigned, the senior civil servant could continue to receive his basic salary and be given such temporary assignments as might be arranged between the Senior Civil Service Board and agencies in need of temporary help. If a senior civil servant is unassigned for a six-months period, the Senior Civil Service Board would review the case and decide whether circumstances justify retaining the individual at full salary for an additional, but final, six months, putting him on half salary for the next six months, or retiring him.

8. Promotion or Selection Out - Periodically, the Senior Civil Service Board would evaluate the performance of each senior civil servant. The agency head's fitness report would count heavily in this evaluation. While the agency head would determine specific job assignments, this periodic review would be the basis for determining the fitness of each senior civil servant for increased basic pay and for "selecting out" those who do not continue to meet the standards for the service or who otherwise fall down on the job.

9. Senior Civil Service Board

(a) Membership - The Board would be composed of five members chosen on a bi-partisan basis, including three distinguished citizens (not currently in Federal office), appointed by the President with Senate confirmation; the Chairman of the Civil Service Commission or his designated deputy; and a member of the President's Executive Office staff.

(b) Location - The Board would be in the Civil Service Commission, and would operate at the Commission level. (The Commission would be responsible for the effectiveness of the Board's operation).

10. Method of Implementation - This proposal can be accomplished partly by Executive Order and partly by legislation, with supporting appropriations.

Advantages of the Proposed Service

The Hoover Commission considered that the chief advantages of the proposed Senior Civil Service are:

1. It would help ensure a steady supply of tested, high quality administrative personnel to work with and under the direction of the top political command who are in office for comparatively short periods of time.

2. For the first time, persons to be selected for high career positions would be considered together with large numbers of other qualified candidates. The selection would be made by a bi-partisan group and would be based upon those most qualified to serve the Government.

3. Agency heads will have greater freedom to assign and reassign members of the Senior Civil Service (subject to the role of reason and without personal discrimination), thus reducing the possibility of creating and maintaining troublesome personal relationships or vested interests which can warp and impair the organizational structure and poison morale.

4. It would help to clarify the respective roles of the top career and non-career executives.

5. It would stimulate training and developmental activities throughout the Government service.

6. It would improve the prestige of the public service and tend to attract young men and women of superior quality.

Part II.

COMPARISON OF PROPOSED AND PRESENT SYSTEMS

The principal features of the proposed Senior Civil Service as contrasted with the present Civil Service System might be summarized as follows:

1. Flexibility in Placement and Utilization of Higher Administrators

Proposed Senior Civil Service	Present System
a. Top civil servants could be shifted to other jobs in their agencies or they could be hired by other agencies without loss or reduction of employment, salary, rank or status. They could move from job to job without delay or red tape. They would not have to stay frozen into particular jobs in order to maintain their grades. An agency head could get new faces for career jobs without having to fire otherwise satisfactory men or to go outside of the Government for replacements. Mistakes in placement could be corrected more easily. When changes in personnel are required, agencies could call upon Senior Civil Service Board for assistance.	a. Flexible transfer arrangements are possible at present but they are limited by the rigidities of the position classification system. In practice relatively rigid job classifications and salary grades have to match. Whenever a "super grade" employee is to be shifted to another position, clearance must be obtained from the Civil Service Commission as to the availability of the position and the qualifications of the individual to hold such a grade and position. Because there is no government-wide selection system, the Commission's clearance tends to be a mechanical evaluation against rigid criteria. Often, in agency reorganization or reductions, a top career man is pushed out of the Government's service to its serious loss, simply for the reason that no particular job for which he is qualified is open at the moment.
b. Within the reasonable limits of competence and suitability, senior civil servants would be obligated to serve their agencies where needed. The possibilities for greater freedom of movement would be enlarged. Also, the qualifications required for nominations to the Senior Civil Service include the requirement of work in several agencies. This would have the effect of encouraging career servants in the lower ranks to broaden their experience in their earlier years in order to be eligible for nomination.	b. Civil servants tend to get rooted in particular places in bureaus and become immobile. There is very little incentive to encourage movement and, in fact, the present system tends to reward immobility and seniority.
c. There would be greater interchange of personnel between Washington and the field because persons in the departmental service could be sent on field assignments without the need to manipulate grades and positions and the consequent paperwork and red tape. Also, the qualifications for selection to the Service would encourage personnel to seek departmental and field service in order to be eligible.	c. Transfers between Washington and the field are relatively rare and unpopular because, among other things, the grade structure for field positions is generally lower than it is in the Washington offices.

d. Interagency transfers of senior civil servants would be expedited because of the minimum of red tape involved and because all agencies would gain by the wider pool of talent to draw upon. All senior civil servants would gain by the wider range of opportunities.	d. Agencies very often do not have the means for rapidly assembling a list of personnel well-qualified for top career vacancies. Consequently, vacancies tend to get filled by personnel who by seniority or proximity are available rather than with those who might do the job better.

2. Identification of Talent and Recognition of Achievement

Proposed Senior Civil Service	Present System
a. Senior civil servants would be named to the Service on the basis of their ability and promise to serve in the broad Government service. Senior civil servants would be identified as men of demonstrated capacity who have come through careful screening by both the employing agencies and the Senior Civil Service Board. The basis and means for judgment would broaden and improve after the Senior Civil Service got underway and files and techniques were perfected. The proposal would offer (1) fewer dead ends, (2) broadened career opportunities and (3) the prospect of steadier promotions based upon periodic reviews of service and potential for further service.	a. Presently, personnel are chosen specifically on the basis of their ability to do a particular kind of job in a particular agency. Able people are lost to the Government by practices requiring rigid matching of job sheets and salaries with individuals. There is no government-wide approach to the selection of top career officials. Identification of talent is theoretically possible but judgments tend to be those of individual supervisors in a single agency. Furthermore, careful evaluations tend to be sporadic or non-existent in the personnel records so that supervisors have little of substance to go by. Promotions often go to those who have seniority or proximity rather than to those who could do the job best.
b. The Senior Civil Service Board would establish and maintain centrally up-to-date personnel records for each Senior Civil Servant as a basis for periodic evaluation of his performance. Members of the Service would also be known personally to the secretariat of the Senior Civil Service Board. Central assistance in placement would be available on a systematic basis to both the agencies and the employee.	b. Past efforts to maintain informal rosters of administrative talent have proved to be disappointing. Judgments do not reflect a consensus, and personal knowledge of the men tends to be casual, fortuitous and sporadic. Real central assistance in placement is practically non-existent. Moreover, the rosters tend very largely to become obsolete and incomplete because they are used only for placement purposes. This results from the fact that only a small number of employees have an interest in assuring that their roster information is always current for placement purpose.

c. Senior civil servants would have the recognition of personal rank, status and accomplishment. There is no reason not to recognize this career status after men have demonstrated their high capacities in the Government.	c. The Hoover Commission stated: "The personnel system as such does not place major and positive emphasis on affording incentives to those who would devote outstanding talents to a career within the Civil Service, despite the fact that Government is dependent upon men who will make national administration their life work." No matter how long or distinguished the service of a Federal employee, and no matter how great the administrative responsibilities he has carried, his rank, salary and status go with the particular job he holds and end with the job.

3. Assured Loyalty and Competence.

Proposed Senior Civil Service	Present System
a. The process of selection, screening and appointment by a bipartisan board proposed for the Senior Civil Service would in the long run tend to give greater assurance to all concerning the political neutrality as well as the competence of senior civil servants.	a. Top career civil servants tend to be suspect at times because carefulness and impartiality have not been assured in their selection. The Hatch Act governs campaign activities but there is not sufficient recognition of the duty, of career civil servants to keep out of all forms of partisan political activity and of their political superiors to avoid embroiling them in political controversies. Promotion tends to depend on loyalty to particular programs and individuals rather than to willingness to serve varying programs, policies and individuals.

4. Emphasis on Quality and Breadth as well as Length of Experience.

Proposed Senior Civil Service	Present System
a. No quick change is possible, but the criteria governing selection of individuals to the Senior Civil Service positively encourage competence and broad experience. This would have a particularly positive effect among lower ranked civil servants looking ahead.	a. Length rather than breadth of experience now tends to dominate. Interest is concentrated on narrow programs and activities rather than on broader governmental considerations.

Part III

THE POSSIBLE DISADVANTAGES
(Which Should Be Weighed Against the Advantages Set Forth in Parts I & II)

1. Establishment of the full Senior Civil Service proposal would require a major legislative effort in the personnel field and could arouse considerable opposition from veterans and personnel organizations.

   Effectuation of the proposal requires modification of the Veterans' Preference Act, the Classification Act, the retirement laws, the Performance Rating Act. These changes, however, would involve only that portion of Federal civilian employees in grades 15 to 18, and only part of that group.

2. The Proposal — at least for a number of years — would increase personnel costs. These increases would include:

   (a) Higher pay and more liberal retirement features for members of the Service;

   (b) The overhead cost in maintaining the new Senior Civil Service Board;

   (c) Funds to support unassigned senior civil servants for short periods;

   (d) The cost of financing special investigations and selection panels. (Costs for the Board alone would average about $250 thousand a year.)

3. The proposal could create some difficult public relations problems. It involves singling out of a special group of top civilian career employees. Payment according to personal rank departs from the traditional concept of "equal pay for equal work." Senior civil servants would get more money than non-senior civil servants and be entitled to more liberal retirement provisions. Also, they could be paid for up to a year's time, even though unassigned.

   Also, the proposal involves singling out a special group of Federal civilian employees and granting them Presidential commissions and other special marks of favor and prestige.

4. The proposal would create further divisions in Federal personnel administration — segregation of certain top career employees from other employees and senior civil servants from the rest of the GS-15 to 18's. It would add a new personnel organization and increase problems of coordination between the different personnel systems. It would add to the confusing number and variety of personnel laws, rules, and regulations. It would raise questions as to the authority of the Civil Service Commission in regard to the Senior Civil Service Board and in regard to the agencies' having authority for separate personnel systems. It could disrupt morale and personnel activities for three or four years until the system is fully installed.

5. In the Senior Civil Service a top career employee would be subject to greater risk of arbitrary removals and assignments than is now the case. The proposed system would create greater possibilities for political discrimination and favoritism. The Administration and political party which inaugurates the system could have a significant advantage if it wanted to load the Service with its friends and keep out those it suspects. This could easily boomerang, however, because of the high rank of the members of the Service.

6. The requirements of political neutrality on the part of the senior civil servants would be subject to varying and conflicting interpretations. This could impair the usefulness of some top career executives, get them in a cross-fire between their superiors and the Congress, or the public, or prejudice their standing with the Senior Civil Service Board.

7. Dismissal from the Senior Civil Service or even from a particular job (for whatever reason) may result in the senior civil servant being unemployable throughout the Government, rather than merely in his employing agency. Being put in the unassigned pool could be the "kiss of death" for any top career employee.

PART IV

ANALYSIS OF KEY QUESTIONS RAISED BY AGENCIES

The key questions on the proposal are as follows:

1. Why not obtain the objectives of the proposed Senior Civil Service -- increased flexibility in assignments, selection in and selection out, easier removals, better utilization of abilities -- by modifying the present system instead of by adopting a new and untried system involving personal rank for a special group?

Undoubtedly, some of the objectives of the new proposal could be obtained within the present system. However, the shortcomings of the present system with regard to top career personnel have been recognized for some time, yet we have made only minor progress in overcoming them.

Part of the problem is that it is extremely doubtful that the Veterans' Preference Act, the Classification Act, or even the Performance Evaluation Act could be modified to provide easier removals, personal rank-status, special pay arrangements and intensive "selection in" and "selection out" systems for top career personnel if each of these moves were attempted on an isolated basis.

There is a reasonable possibility that these objectives could be obtained if they were part of an imaginative idea designed to meet the problem of attracting and holding better men in the top career positions.

The other part of the problem is that the objectives of Senior Civil Service are heavily interrelated. Meaningful "selection in", "selection out" and placement assistance depend upon an active day-in and day-out kind of follow-up service, supported by complete and up-to-date records. This would be one of the chief missions of the Senior Civil Service Board. More flexible use of top career personnel depends to a large extent on devising a means for reducing the risk and red tape involved in switching top people from one position to another. Easier removals, where there is no question of unsatisfactory conduct, depend upon devising a means for handling the dislodged long-service employee in a humane manner, and one which will prevent the loss to the Government of the abilities of the persons replaced.

Lastly, the Hoover Commission believed that realization of the objectives of the proposed Senior Civil Service depends upon the creation of a tangible and well-rounded system which would serve as a daily reminder to senior civil servants of their special obligations and privileges. Of equal importance, it would motivate younger people in their preparation for a Government career.

It is extremely unlikely that the present Civil Service System, with its emphasis on mass personnel techniques, could be transformed into a suitable system designed to meet the long-standing special problems of top management.

2. Might not the Senior Civil Service Board undercut the authority of agency heads over their high level personnel?

The functions of the Senior Civil Service Board, which would be under the Civil Service Commission, do not trespass upon nor interfere with the normal administrative control of any agency over its personnel. This would be so because:

(a) Agency recommendation would be a prerequisite to nomination of any person to the Senior Civil Service.

(b) The present right of the agency to assign and reassign a senior civil servant within an agency would be unimpaired. If anything, it would be facilitated by the proposal. This right would be limited only by inability of the agency to assign a senior civil servant to the general kinds of duties not appropriate for a member of the Service;

(c) An Agency would be under no special or new obligation to continue the employment of any senior civil servant, give one up, or to receive one from another agency. Under the present system, the agency must share with the Civil Service Commission its right to hire, assign and fire. The Commission can and does audit and take appeals on many personnel actions affecting top career personnel.

(d) Normal conditions of employment would be set by each agency for its own Senior Civil Service employees, and disciplinary matters would continue in the hands of the agency;

(e) Agency recommendations would be given great weight in deciding on pay increases for their senior civil servants. Under the present system, promotions to grades GS-16 to 18 must be approved in advance by the Civil Service Commission;

(f) The Senior Civil Service Board would have duties generally outside of individual agency competence. They are:

   (1) To establish standards for administration of the Senior Civil Service;

   (2) To select persons for inclusion in the Senior Civil Service upon agency recommendation;

   (3) To exclude persons, upon proper showing, from the Senior Civil Service, but not from the classified competitive service or from continued agency employment if desired by the agency concerned;

   (4) To help where requested in the placement and reassignment of Senior Civil Service personnel; and

   (5) To study the operation of the Senior Civil Service and to make recommendations from time to time for its improvement.

(g) The Board would not have the right to make involuntary assignments of senior civil servants either within agencies or between agencies. The Board could remove a person from the Service if, although without permanent assignment with an agency, he refused to take temporary assignments made available through the Board's good offices.

3. Might not the personal tenure aspect of the Senior Civil Service lead to the creation of a special privilege or "elite" group in the career service?

This question may be based upon the opinion that the "equal pay for equal work" concept which is embodied in the Classification Act of 1949 is essential to good personnel management. This concept, to the extent that it is actually practiced, is a sound objective for the lower and middle grades. For the higher grades — especially those in grades 15 through 18 — its application is unrealistic because of the high number of "one-of-a-kind" positions.

The question may also be based upon the belief that personal tenure might lead to the creation of a small group of untouchables beyond the reach of administrative control or reduction in case of progressive inefficiency. The opposite is the case. Agency heads actually would have increased discretion to assign senior civil servants in accordance with the needs of the agency. The service of every member is subject to periodic review by the Senior Civil Service Board and each is subject to "selection out" from the Service, where the facts warrant such action. No member has claim to any specific assignment or to employment in any department or agency, or, in fact, to continued employment unless adequate service is rendered. Senior civil servants unable to find a suitable position would be carried for a definite period and then dropped.

4. Might not an incoming department or agency head be unable to trust fully the attitudes and dispositions of the Senior Civil Service?

Actually, the provisions of the Senior Civil Service concept are designed to accomplish exactly the opposite. Confidence of any Administration in the loyalty, as well as the competence, of the Senior Civil Service is absolutely essential to the success of the proposal. The idea is predicated on the belief that:

(a) The political top command of any Administration of any party needs and is now aware of the necessity for highest quality top management, divorced from partisanship. The heavy demands upon political leadership, more than ever, require the steady availability to political executives of experienced, reliable career employees, familiar with the day-to-day problems of their agencies;

(b) Incoming noncareer executives will more likely accept members of the Senior Civil Service because they will recognize that these top career people have been chosen out of the regular Civil Service by a bi-partisan Board on the basis of competence after years of non-partisan professional service and are subject to discipline for recognized partisan activity or preference. No such assurance exists today.

(c) All members of the Service are subject (within reason) to reassignment so that if doubt of impartial loyalty or of competence should arise in any individual case, the remedy is at hand.

5. Might not a Senior Civil Service be adverse to the interests of the rank and file and constitute a further impediment to their advancement?

If the Senior Civil Service succeeds in selecting to its ranks only the most competent of rising career personnel, then the charge is to some extent true. The plan, however, does not in itself constitute a threat to the status or interests of the rank and file since it does not affect directly grades 1 to 14. Also, not all positions in grades 15 to 18 are in the Senior Civil Service. On the other hand, indirectly it opens up new and attractive opportunities to the most gifted persons in these lower grades. If the argument is that claims of mere seniority at the highest levels are diminished, the point must be granted.

6. Might not political pressures be brought to bear on the proposed Board to place persons with party preference in the Senior Civil Service?

It would be a responsibility of each Administration rigidly to protect partisan neutrality of the Senior Civil Service and to transmit it unimpaired in morale and loyalty to its successor.

The Senior Civil Service Board itself would include public members of both parties to balance the members who are also holding other places in the Administration, and the Board would be continually in the public eye as a protector of the integrity of the Senior Civil Service.

7. Might not senior civil servants be exposed to additional hazards, such as less rights in case of removals and reductions-in-force, which might make the service, even with its additional benefits, less attractive than the current system?

To some extent the doubts on this point are valid. Part of the problem is that top management requires greater flexibility in handling personnel matters at the top grades. The Hoover Commission Task Force and the Commission itself considered this problem and concluded that the proposed system, after a period of adjustment, would prove to be more stable, more humane and less susceptible to rank discriminations and personal injustices than is permitted by the present system. In addition, it would minimize the amount or organizational distortion which often results from unresolved personnel problems.

8. Might it not be objectionable to maintain rank, pay and status of a member of the Senior Civil Service if he is unassigned?

The probability of no assignment is possible, but remote, considering the serious and continuing shortage of competent top management personnel. If the lack of assignment is persistent, it might well be an indication of lack of fitness, and the individual would be subject automatically to the "selection out" process or to more immediate action. The number of unassigned senior civil servants at any one time is expected to be exceedingly small, and every effort would be made to find temporary work for these few.

9. Are not the loyalties of top career civil servants so closely tied to their particular agencies, bureaus or programs that it is unrealistic to assume that increased fluidity of movement will result from the establishment of the Senior Civil Service?

The Hoover Commission expected that increased transferability would develop gradually as both supervisors and top career personnel become aware of the wider opportunities offered by the proposed system. Personnel could not be ordered from department to department. Rather the Senior Civil Service Board would encourage qualified senior civil servants to accept broadening assignments. If they refused or their agency did not wish to give them up, the Board can take no action against them. Obviously, however, the senior civil servants with broader ranges of training and experience will have more opportunities offered to them for better assignments.

10. Is not the concept of an "all around" generalist who can administer any kind of a program a fallacy?

This question has been raised frequently by those concerned about the proposal. Actually, the Hoover Commission did not contemplate that all senior civil servants would be "all around" generalists who could administer any kind of a program. The Commission contemplated that its proposal would facilitate the natural movement of top career officials within broad functional areas, such as management, manpower, commodity analyst, research and development, etc. Rather than seek the creation of "generalists" the Commission sought to provide a system which would encourage top career employees to obtain experience beyond their own program, bureau or agency and see their activities or operations from a broader governmental point of view.

11. Is not the concept of "political neutrality" for the Senior Civil Service unrealistic; even if it is theoretically possible, might not "politically neutral" top employees be ineffective, poorly motivated and lacking in prestige?

This question is important to top career employees irrespective of the establishment of a Senior Civil Service. To be politically neutral does not mean that the top career employee must not be exposed to political or partisan activity or be prevented from making any decisions. It does not mean that top career employees must be excluded from meetings where important policy decisions are being made or where political executives are discussing political problems; nor does it mean that top career employees would be prevented from assisting political executives in explaining their programs and policies. On the contrary, the top career employee can play a valuable role in assisting the political executive in this regard. The main point is that the top career employee should not become so identified and so attached to policies, programs and activities that he cannot faithfully serve new leaders and their policies and programs. On the matter of policy and decision making, most top career employees will have to be in positions where they do make some decisions and have some discretion in so doing. There is, however, an order of magnitude in policy and decision making, and the Hoover Commission considered that the political executive would make the controlling or governing decisions under which lesser political executives or top career employees would make the supporting or follow-up decisions. The important point is that the political executives have the ultimate responsibility for all action taken, and they carry the principal burden of advocating and defending their basic policies and programs.

12. Are not the details of operation of the proposed system likely to be so complicated that its installation would disrupt personnel administration for years?

Certainly, there are many matters of detail to be worked out, but they are less complex and difficult by far, considering our steady advancement in personnel administration, than those encountered in 1920 as a result of the installation of the Retirement Act, or in 1928 as a result of the installation of the Classification Act, or in 1944 as a result of the statutory provisions of the Veterans' Preference Act, all of which necessitated a complete overhaul of the entire personnel system. The establishment of a Senior Civil Service does not require such a complete overhaul. Those who have doubts on this point underestimate the creativeness and adaptability of the public service and its servants.

CABINET PAPER—PRIVILEGED

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CI - 56-40

April 3, 1956

The White House

Washington

THE CABINET

Administration Policy Concerning Payments in Lieu of Taxes to Local Governments

For information of the Cabinet, attached is a paper on the above subject prepared by the Director of the Bureau of the Budget in collaboration with the Honorable Meyer Kestnbaum, Special Assistant to the President.

The attached paper sets forth a policy statement on the above subject which is based upon the general approval recently given by the President to a program of this nature (see Attachment A).

Legislation on this subject is now pending before both Houses of Congress. It is expected that Administration officials will be called upon shortly to testify on these bills which, unless properly delimited, could create a Federal fiscal obligation of several hundreds of millions of dollars annually.

The Bureau of the Budget is currently coordinating the presentation of Administration policy on this matter, to ensure that the affirmative approach and the suitable safeguards desired by the President are included.

The attached paper is circulated as background for the presentation of this subject at the coming Cabinet Meeting by the Honorable Meyer Kestnbaum, Special Assistant to the President.

Maxwell M. Rabb
Secretary to the Cabinet

CABINET PAPER

For Information

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CI - 56-40

April 3, 1956

THE CABINET

Payments in Lieu of Taxes to Local Governments

Background: Local governments have been urging legislation -- especially in recent years -- to inaugurate a broad system of payments in lieu of property taxes and consent to special assessments on certain types of Federal properties. They contend that the Federal Government, directly or through contractors, takes much valuable real estate and personal property off their property tax rolls, thereby reducing their financial resources; and that in other cases the Federal installation increases the need for local government services without increasing the taxable base. Thousands of properties in hundreds of communities would be affected.

In 1953, in vetoing piecemeal legislation to pay a special assessment on Lowry Air Force Base, the President announced that the Commission on Intergovernmental Relations would be asked to recommend whether the Federal Government should adopt comprehensive legislation to deal with this problem. Subsequently assurance was given to the Congressional committees that an Administration position would be crystallized soon after the Commission made its report. The Commission, reporting last June, recommended "a broad system of payments in lieu of property taxes."

More than a dozen payment-in-lieu bills are pending in Congress, and hearings are planned soon before Senate and House Committees. Accordingly, it has become urgent to state the Administration's position.

Policy: The Special Assistant to the President, Mr. Kestnbaum, has advised the Director of the Bureau of the Budget[1] that Administration policy, including safeguards desired by the President, will comprise the following essential points:

1. The Administration would agree to comprehensive permanent legislation authorizing a Government-wide policy of payments in lieu of State and local property taxes on account of Federal property actually taken off the tax rolls through Government acquisition after July 1, 1950, and in the future.

2. Payments should be limited, insofar as possible, to industrial and commercial real estate. Authority may also be included for restricted payments on Government-owned machinery and business inventories (other than finished products) of types commonly taxed in private ownership.

3. The legislation should be designed to offset real hardship upon local communities while protecting the Government against unreasonable claims on the part of taxing bodies. The Government would try to avoid burdening local taxpayers with costs that should properly be borne by the Federal taxpayers. Government agencies seeking to locate new establishments should take into account the local benefits which flow from such establishments in determining payments to be made in lieu of taxes; where too many difficulties are interposed, some other location should be selected.

[1] Transmittal Memorandum from Mr. Kestnbaum reproduced as Attachment A.

CABINET PAPER

For Information

4. Where payments are made in connection with improvements added by the Government, these should be related to the taxes that would be paid upon normal industrial development of the property in the particular locality or in a comparable community, and not necessarily based on the value of the disproportionately expensive type of installation which the Government frequently finds necessary for its special purposes.

5. Legislation should not establish a fixed formula for determining individual payments. It might identify factors to be considered by the property-owning agencies in working out payments that would be equitable in specific circumstances.

6. Legislation should not provide for any judicial review of agency determinations. Those provisions of pending bills which provide for a central board to establish uniform rules, regulations, interpretations, and policies, and to handle administrative appeals by local governments from the decisions of owning agencies, may be generally accepted.

7. In all cases, the Government should be accorded at least as favorable treatment as is given private taxable property and owners.

8. Legislation may authorize temporary payments on selected sizable acquisitions of property for Government uses other than industrial and commercial, in cases where the sudden removal of a significant part of the tax base would create transitional hardships for the local governments. Any such payments should be on a declining scale, dropping to zero within 10 years.

9. Legislation may include consent to actual nondiscriminatory taxation of the Government's equity in property which is leased or conditionally sold to a taxable person and in his possession or use.

10. Legislation may include consent to nondiscriminatory levies of special assessments on Federal properties in urban areas, but only if non-Federal property is included in the particular improvement district.

11. All payments should be financed from appropriations made to the individual property-owning agencies.

12. Although none of the pending bills at present meets all these criteria, several of the major bills might be modified appropriately. These include S. 1657 (Bush), S. 2390 (Knowland), S. 1566 (Humphrey, Kuchel, and Goldwater), H. R. 342 (McDonough), H. R. 2408 (Hyde), H. R. 4883 (Engle), H. R. 7098 (Wilson of California), and H. R. 9336 (Mrs. Griffiths).

Budgetary implications: In the preparation of the Budget for 1957 it was assumed that payment-in-lieu legislation would be enacted which, because of the time-lag in identifying properties and computing individual payments, would have only a nominal effect on expenditures during the fiscal year. Preparation of reliable cost estimates for such legislation is extremely difficult, since it is subject to many variables in terms of local tax practices, the specific language of the bills, and the characteristics of the Federal properties. Previous rough estimates for some of the pending bills have indicated Federal payments ranging from $205 to $250 million a year, based on property holdings in 1953. A substantially lower cost to the Federal Government should result from the policy recommendations outlined above — and particularly the use of a date in 1950 rather than 1939 to determine what properties should be subject to payments in lieu of taxes.

With these guidelines, it is expected that the Bureau of the Budget, working with the agencies principally affected, can now develop better cost estimates.

Implementation: The foregoing outline will guide the Executive Branch agencies in preparing legislative reports and testimony on pending bills, and will guide the Bureau of the Budget in its assigned duties.

ARCHIVAL BOND
25% COTTON

ATTACHMENT A

THE WHITE HOUSE
Washington

March 29, 1956

MEMORANDUM FOR HONORABLE ROWLAND R. HUGHES
Director, Bureau of the Budget

Subject: Policy Statement Relating to Payments in Lieu of Taxes

One of the important recommendations made by the Commission on Intergovernmental Relations is that the "National Government inaugurate a broad system of payments in lieu of taxes to State and local governments."

I had an opportunity recently to submit to the President a memorandum outlining suggestions for Administration policy on this point. The President indicated his approval of such a program, provided it is surrounded with suitable safeguards. The attached memorandum sets forth the essential elements of such a program.

I am hopeful that the attached memorandum will be useful to the Bureau of the Budget in dealing with reports to the Congress on legislation. I suggest also that it would be appropriate for the Bureau of the Budget to prepare an information paper on this subject for distribution to Members of the Cabinet.

(Signed) Meyer Kestnbaum
Meyer Kestnbaum
Special Assistant to the President

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CP - 56-14/2

March 29, 1956

The White House

Washington

THE CABINET

Government Competition With Business

For consideration by the Cabinet, attached is a paper on the above subject prepared by the Director of the Bureau of the Budget.

This paper has been developed after fourteen months' experience in implementing approved Cabinet Paper 14/1 of January 15, 1955 and Bureau of the Budget Bulletin 55-4 of the same date.

Over this period of time certain data have been obtained, (and are summarized in the attached paper), certain further conclusions reached, and additional recommendations have been prepared.

The concurrence of the Cabinet and the approval of the President are sought for the four Recommendations presented.

The attached Cabinet Paper is preceded by a two-page Brief, and will be discussed at the Cabinet Meeting of April 6, 1956.

Maxwell M. Rabb
Secretary to the Cabinet

CABINET PAPER

For Consideration

CABINET PAPER—PRIVILEGED

Property of the White House—For Authorized Persons Only

THE CABINET

Government Competition With Business
Brief

Problem: Approved Cabinet Paper 14/1 of January 15, 1955 (and Bureau of the Budget Bulletin No. 55-4) set forth the administration's policy regarding the elimination of competition between Government commercial activities and private enterprise, called for an inventory of such commercial activities whose products or services are for the Government's own use, and required agency evaluation of all manufacturing activities.

The Bureau of the Budget's review of the reports on manufacturing activities leads to the conclusion that there is lack of uniformity in the interpretation of the policy, and insufficient application of the policy.

Discussion: There was Cabinet agreement to the issuance of the Bulletin which set forth the basic policy that: "The Federal Government will not start or carry on any commercial activity to provide a service or product for its own use if such product or service can be procured from private enterprise through ordinary business channels. Exceptions to this policy shall be made by the head of an agency only where it is clearly demonstrated in each case that it is not in the public interest to procure such product or service from private enterprise."

Civilian agencies generally have completed the evaluation of their manufacturing activities as the first phase of a series of evaluations that were planned. The results indicate the curtailment of Government manufacturing in only 13 out of 226 cases. Continued Government operation of most manufacturing activities was decided upon by the agency heads concerned.

In a number of cases the agency head cited as justification for continuance the possibility of lower costs of Government operation, or the loss to the Government in disposing of capital investment, although the Bulletin did not contemplate that these would normally be a deciding factor in the evaluation. In Congress, however, there seems to be a much stronger inclination to emphasize comparative costs as a basis for continuing the Government in business activities. There is also some opposition to the discontinuance of any operation which requires discharge of present employees even if competitive businesses would be able to engage them.

If this administration is to carry out its announced intention to encourage free competition and to reduce Government competition with private business, it will be necessary forthe executive branch to be more rigorous in the review and evaluation of business activities now being conducted and in their actual termination.

Recommendations:

A. Reaffirmation of the basic policy announced last year:

B. Reaffirmation of the interpretation of the above policy that cost of the particular product or service will not be a deciding factor where adequate competition exists, and that possible loss on the sale of capital assets will not be a determining factor.

C. That the head of each agency which has manufacturing activities within the scope of the Bulletin reconsider the evaluation already made, applying strictly the policy and objectives of this program with a view to curtailing a larger proportion of the total commercial activities of the Government, and report the results within three weeks to the Bureau of the Budget.

D. That the Director of the Bureau of the Budget present a consolidated analysis of the results of the reevaluation at a Cabinet meeting as soon as practicable thereafter, together with his recommendation as to whether it is worthwhile to activate the second phase of the original program - the evaluation of service activities which may be competitive with private enterprise.

Implementation: The head of each Cabinet agency will carry out recommendation C above. The Bureau of the Budget will request each non-Cabinet agency involved to make a similar reevaluation, and the Bureau of the Budget will carry out recommendation D.

CP - 56-14/2

March 29, 1956

THE CABINET

Government Competition with Business

Problem: Approved Cabinet Paper 14/1 of January 15, 1955, and the subsequent Bureau of the Budget Bulletin No. 55-4 set forth the administration's policy regarding the elimination of competition between Government commercial activities and private enterprise, called for an inventory of such commercial activities whose products or services are for the Government's own use, and, as the first step in a program to evaluate all such activities, required evaluation of manufacturing activities.

The Bureau of the Budget's review of the reports on manufacturing activities leads to the conclusion that there is lack of uniformity in the interpretation of the policy, and insufficient application of the policy.

Hence, it is necessary that both policy and the program be reconsidered in the light of performance to date before proceeding to the evaluation of other commercial activities as planned.

Discussion: Background.—Bulletin No. 55-4, dated January 15, 1955, regarding Government competition with private enterprise was discussed at a Cabinet meeting on January 7, 1955. There was complete agreement to the issuance of the Bulletin which established basic policies set forth in the Brief (cf CP - 14/1, RA - 8, Item 4.)

The Bulletin provided for (1) the development of an inventory of all commercial activities carried on by the Government for its own use, and (2) a series of evaluations of these activities, intended to lead to the termination of any activities which can more appropriately be conducted by private enterprise. The first evaluation of commercial activities covered manufacturing. This review was only applicable to the civilian agencies of the Government; special instructions were issued to the Department of Defense as to procedure and timing that were more adaptable to its manifold commercial operations.

The Bulletin only applies to Government business activities that produce goods or services consumed by the Government itself. This limitation was necessary (1) to keep the program within manageable proportions, and (2) because these activities generally were started by administrative determination and hence their continuation or termination would require no change in the laws.

Inventory of commercial activities.—The inventory of commercial activities is now virtually complete and a progress report is being prepared which will be given to congressional committees and others interested in this problem.

Evaluation of manufacturing activities.—The agencies have evaluated their manufacturing activities to determine whether or not they should be continued by the Government in the light of the administration's policy. A summary of the results are:

Agencies	Total no. of installations	Annual expenditures	No. of installations Continue	 Discontinue
Agriculture..................	15	$ 1,388,770	14	1 (partial)
Commerce.....................	22	4,257,569	22	0
Health, Education, and Welfare	19	715,037	18	1
Interior.....................	29	787,770	28	1
Justice......................	Various Prison indus.		All	
Post Office..................	4	1,934,000	4	0
State........................	1	2,403	1	0
Treasury.....................	3	10,200,000	3	0
General Services Administration	2	674,077	2	0
National Advisory Committee for Aeronautics..........	17	9,472,000	17	0
Veterans' Administration......	112	2,575,579	102	10
Civil functions, Army.........	2	216,259	2	0
Total, civilian agencies .	226	32,223,464	213	13
Defense 1/..................	358		48	65
Grand total	584		261	78

1/ Defense report is only partial; of the 358 activities, 245 are still under review.

For the number of civilian agency installations included above, the dollar figures may be summarized as follows:

	No. of installations	Annual expenditures	Capital investments
Activities being continued.....	213	$32,007,117	$32,483,660
Activities being discontinued .	13	216,347	84,220
Total..................	226	32,223,464	32,567,880

Outside the Department of Defense the evaluation reports indicate curtailment of existing manufacturing activities in only 13 instances out of 226 installations reviewed. Ten of these were in the Veterans Administration and involved the discontinuance of bread baking at 4 installations and its gradual elimination at 6 others as equipment becomes unserviceable. The Department of Agriculture discontinued the production of tuberculin primaraly because of health hazards in its production. The Department of Health, Education, and Welfare stopped the production of pharmaceuticals at the Supply Depot of the Public Health Service. The Department of the Interior is curtailing its lithographing work at one of its locations. The other 8 agencies apparently made no curtailment in their manufacturing activities at 51 installations.

The results would indicate that either the agencies have not been as self-critical as was intended, or the alleged competition with business, inherited from past administrations, is more justifiable than was originally thought.

While the Budget Bureau has not attempted to review each of the installations in particular, it would appear from the agencies' evaluation reports that the justifications being used for the continuation of activities may need a second look.

In particular, agencies in several cases have cited as justifications, at least partially, for continuing an activity two reasons which are inconsistent with the policy adopted by the Cabinet January 7, 1955, and included in the Bulletin:

A. On grounds that cost of Government operation is less than cost of purchasing the product.

B. On grounds that the Government's investment in capital equipment would otherwise become surplus, disposable at a fraction of its operating value.

In contrast, the Bulletin provides that the only exception from the policy of discontinuance of competing activities is "where it is clearly demonstrated in each case that it is not in the public interest to obtain the product from private enterprise." With reference to costs specifically, the Bulletin limits the consideration of costs to certain situations:

> "Relative costs of Government operation compared to purchase from private sources will be a factor in the determination in those cases where the agency head concludes that the product or service cannot be purchased on a competitive basis and cannot be obtained at reasonable prices from private industry."

The administration's policy on cost was adopted for several reasons:

A. The costs of Government operations are not comparable with corresponding business costs. The Government does not pay taxes but this is not necessarily a saving since private enterprise would pay income and excise taxes as well as local and possibly State taxes. The Government does not pay insurance and yet there is the risk of loss. The Government borrows money at a lower rate of interest than private enterprise and the Government has no profit margin to consider; yet these factors are no indication that the Government is more economical or efficient than private enterprise.

B. The Government accounts are not kept in the same manner as business, so that a comparison where figures as reported are used directly is apt to be not only difficult but misleading. Many agencies lack cost accounting systems. In most cases there is no systematic schedule of depreciation for Government accounts. Some costs are charged to central appropriations rather than to the respective agencies (for example, buildings management costs borne in many cases by GSA, and employee retirement costs borne by CSC). There is usually no distribution of overhead.

C. Above all, to make cost a deciding factor in determing whether an activity to provide a product or service for Government use should be carried on by the Government or by private enterprise would run counter to our concept of a private enterprise economy and to the policies of this administration. It would open the way for justifying not only the continuation of activities in competition with private enterprise, but the taking over by Government of many activities now performed for it by private enterprise simply on the grounds that the service or product could thus be provided at less cost to the Government. The basic principles of the administration do not tolerate this possibility. The President has stated these principles as follows: (emphasis supplied)

> "To bring Government closer to the people we will get up these principles and adhere to them: that no Federal project, large or small, will be undertaken which the people can effectively do or be helped to do for themselves; *that no Federal project will be undertaken which private enterprise can effectively undertake*; that no project and no program will be started on the Federal level which can be undertaken and effectively carried through on the State or local level."

The majority in the 84th Congress has given some indications that it believes greater emphasis should be placed upon relative cost in considering whether a Government activity should be continued in competition with business. The Defense Department Appropriation Act for the fiscal year 1956 contained section 638, prohibiting the Department from terminating commercial activities until after justification to the Appropriations Committees of the Senate and House. In recent hearings held by the House Appropriations Committee under this law on proposals by the Department of Defense to discontinue some 56 activities, comparative costs were a major element of discussion, regardless of the availability of the products from private enterprise at competitive prices. However, the Committee did not cite lower costs of the product as a factor in any one of the four instances where it concluded that Government operations should continue.

Continuation of the program.--As originally planned and approved a year ago, the evaluation of manufacturing activities was to be only the first phase of a series of evaluations. It was planned to take up the various nonmanufacturing activities of the Government in a series of perhaps three to five other phases of the program. Since services comprise the largest number of commercial activities conducted by civilian agencies for their own use, the evaluation of the service activities is the next logical phase to be announced.

However, it seems unlikely that any further evaluation of service activities and other areas of competition will bring more results than the evaluation of manufacturing activities has brought thus far, unless the statement of policy previously set forth is reaffirmed, and unless each member of the Cabinet makes sure that the policy is effectively applied in the evaluation of commercial activities within his agency.

Recommendations:

A. Reaffirmation of the basic policy announced last year: "That the Federal Government will not start or carry on any commercial activity to provide a service or product for its own use if such product or service can be procured from private enterprise through ordinary business channels. Exceptions to this policy shall be made by the head of an agency only where it is clearly demonstrated in each case that it is not in the public interest to procure such product or service from private enterprise."

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Implementation: The head of each Cabinet agency will carry out recommendation C above. The Bureau of the Budget will request each non-Cabinet agency involved to make a similar reevaluation, and the Bureau of the Budget will carry out recommendation D.

CABINET PAPER—PRIVILEGED
Property of the White House—For Authorized Persons Only

CP - 56-14/2
April 6, 1956

The White House
Washington

THE CABINET

Government Competition with Business

The attached approved paper and its Brief are circulated for the action of each Cabinet Department under the coordination of the Bureau of the Budget.

This paper and its Recommendations were approved at the Cabinet Meeting of Friday, April 6, 1956 (RA - 56-49, Item 4.)

Implementation of this paper will go forward as indicated in the captioned paragraph on page 5.

Maxwell M. Rabb
Secretary to the Cabinet

CABINET PAPER
For Action

THE CABINET

Government Competition With Business

BRIEF

Problem: Approved Cabinet Paper 14/1 of January 15, 1955 (and Bureau of the Budget Bulletin No. 55-4) set forth the administration's policy regarding the elimination of competition between Government commercial activities and private enterprise, called for an inventory of such commercial activities whose products or services are for the Government's own use, and required agency evaluation of all manufacturing activities.

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Discussion: There was Cabinet agreement to the issuance of the Bulletin which set forth the basic policy that: "The Federal Government will not start or carry on any commercial activity to provide a service or product for its own use if such product or service can be procured from private enterprise through ordinary business channels. Exceptions to this policy shall be made by the head of an agency only where it is clearly demonstrated in each case that it is not in the public interest to procure such product or service from private enterprise."

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In a number of cases the agency head cited as justification for continuance the possibility of lower costs of Government operation, or the loss to the Government in disposing of capital investment, although the Bulletin did not contemplate that these would normally be a deciding factor in the evaluation. In Congress, however, there seems to be a much stronger inclination to emphasize comparative costs as a basis for continuing the Government in business activities. There is also some opposition to the discontinuance of any operation which requires discharge of present employees even if competitive businesses would be able to engage them.

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ARCHIVAL BOND
25% COTTON

CP - 56-14/2

April 6, 1956

THE CABINET

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C. Above all, to make cost a deciding factor in determing whether an activity to provide a product or service for Government use should be carried on by the Government or by private enterprise would run counter to our concept of a private enterprise economy and to the policies of this administration. It would open the way for justifying not only the continuation of activities in competition with private enterprise, but the taking over by Government of many activities now performed for it by private enterprise simply on the grounds that the service or product could thus be provided at less cost to the Government. The basic principles of the administration do not tolerate this possibility. The President has stated these principles as follows: (emphasis supplied)

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CABINET PAPER—PRIVILEGED

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CA - 56-50

April 18, 1956

The White House

Washington

THE CABINET

Agenda

9:00 A.M., Friday, April 20, 1956

1.	Discussion of Foreign Trade Balances	(Oral)	The Secretary of the Treasury
2.	State Discrimination Against Japanese Textiles	(Oral)	The Secretary of State
3.	Early Preparation of 1957 Legislative Recommendations	(Oral)	The Assistant to the President The Chairman, Council of Economic Advisers
4.	The Recent Discount Rate Action of the Federal Reserve Board	(Oral)	The Chairman, Council of Economic Advisers
5.	Convention Arrangements	(Oral)	The Assistant to the President
6.	Mutualization of Government Lending and Insurance Agencies	CP - 56-50	The Honorable Meyer Kestnbaum

Maxwell M. Rabb
Secretary to the Cabinet

CABINET PAPER

For Action

~~CONFIDENTIAL~~

DETERMINED TO BE AN
ADMINISTRATIVE MARKING
E.O. 11652, SEC. 1
By BHe NLE, Date 6-13-77

MINUTES OF CABINET MEETING

April 20, 1956

9:00 A.M. -- 11:20 A.M.

The following were present:

President Eisenhower

Vice President Nixon
Sec. Dulles
Sec. Humphrey, and
  Under Sec. W. Randolph Burgess
Sec. Wilson
Deputy Atty. Gen. Wm. P. Rogers
  (for Mr. Brownell)
Mr. Summerfield
Acting Sec. of Interior Davis
Sec. Benson
Sec. Weeks
Sec. Mitchell
Sec. Folsom

Director Brundage
Dr. Flemming
Chairman Young
Amb. Lodge
Dr. Burns

Chairman Wm. McC. Martin,
  Federal Reserve Board
Mr. George Willis, Treasury
Administrator Albert M. Cole,
  HHFA
Mr. Harold Seidman, Budget

Gov. Adams
Gen. Persons
Mr. Rabb
Col. Goodpaster
Mr. Kestnbaum
Gov. Pyle
Mr. Shanley
Dr. Hauge
Mr. Morgan
Mr. Martin
Mr. Murray Snyder
Mr. Patterson
Mr. Minnich

Foreign Trade Balances - Sec. Humphrey stated that the current situation of foreign trade balances raised very important problems, both economic and military, foreign and domestic, that the Cabinet should know of. He stressed that there are financial limitations on the programs that the United States can carry. He pointed to a definite trend over the last six years whereby US gold reserves were being depleted through foreign payments. He believed the situation would become very serious if the trend is not stopped. He pointed to future expensive defense programs and urged serious consideration by all Cabinet members of their basic programs.

Mr. Randolph Burgess then presented a series of charts showing (1) the relationship of gold reserves to required reserves (for banking purposes) and foreign short term dollar claims which have increased steadily since 1949; (2) the excess of our dollar exports beyond the "dollar gap" resulting

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DETERMINED TO BE AN
ADMINISTRATIVE MARKING
E.O. 11652, Section 1
By GHC NLE, Date 6-13-77

Cabinet Minutes, April 20, 1956 - page 2

from our non-dollar exports exceeding imports; (3) the predominance of Government grants and loans in constituting dollar exports; (4) the predominance of Western Europe in regard to dollar claims; and (5) the predominance of Germany among Western European countries in this regard.

The President asked whether foreign countries could rightfully claim dollars when we hold their soft currencies. Mr. Burgess replied regarding the difficulty of cutting off dollar claims and the existence of contracts under which we hold soft currencies.

At Sec. Humphrey's request, Dr. Burns commented that the charts were interesting but not highly relevant, that the US should closely scrutinize all its programs, that he did not believe increasing dollar claims to be very worrisome, that continuation of the trend for another five years would still not make for a situation much different than in the 1920s. Dr. Burns did enthusiastically agree with Sec. Humphrey's conclusion that a balanced budget must be maintained and that programs should be closely watched.

Dr. Hauge recalled the need for overseas lending programs that created this trend, then cited the change in foreign economic situations which will serve to correct the trend. He believed the important thing to be great domestic fiscal integrity and not an elimination of overseas programs.

Mr. William McChesney Martin stated the concurrence of the FRB with Drs. Burns and Hauge on the lack of significance of the trend. He believed it not frightening, thanks greatly to the policies of recent years sponsored so effectively by Sec. Humphrey. He did believe the trend had to be watched closely.

In further discussion, Sec. Humphrey repeatedly emphasized the necessity of changing the trend, limiting expensive programs, the dangers of an unbalanced budget, and particularly the increased competition that will come from Russia's "non-profit" economy, Germany's new strength, and Japan's reappearance on the international economic scene. The President noted that the bulk of Government expenditures overseas is for military programs which cannot be touched without great complaints from the military experts who assume that our safety rests entirely on arms -- an assumption which the President did not believe. He warned that when an individual's customers go broke, the individual does so also soon afterwards. He cited the new Soviet effort rather than the level of gold reserves as the source of difficulties. He renewed his plea that an open mind be kept on the matter of how the US can spend most advantageously, with a clear recognition that our safety does not entirely lie in having guns and other arms. He did recognize the undesirability of having gold flow from the US to other countries if it is used by those countries for purchases from Russia.

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DETERMINED TO BE AN
ADMINISTRATIVE MARKING
E.O. 11652, Section 1
By DHC NLE, Date 6-13-77

Sec. Wilson, along with others, cited as important the factor of confidence and asserted that adequate gold reserves were necessary to confidence. He agreed that the gold flow trend could not continue indefinitely without causing domestic troubles in terms of production costs. Subsequently, he cited the military problems involved where he is now being criticized for reducing programs. He noted also the commitments made for new programs without equivalent reductions in the old. The President commented on the American psychology which now is characterized by fear of military reductions and by an undue emphasis on guided missiles. The President went on to assert his confidence in being able to maintain a balanced budget despite larger military programs, for he felt that when the Administration was convinced a particular program was vital, the people would understand and be willing to provide necessary higher taxes.

Discrimination Against Japanese Textiles - Sec. Dulles called attention to the efforts in South Carolina and Alabama to discriminate against Japanese textiles. He characterized this as violating our trade treaties and establishing a dangerous trend toward individual State control of trade regulations -- a clearly unconstitutional activity. The President questioned what might be done in addition to the case pending before the Supreme Court. Sec. Dulles noted his approach to a State Governor in one instance and his receipt of an unsympathetic response.

Sec. Benson wondered if racial antagonism contributed to the situation. Mr. Dulles believed not. Sec. Wilson noted the fundamental need that every nation has for trading opportunities.

Mr. Weeks believed the storm would blow over without great difficulty; Mr. Benson thought the situation aggravated by the unwise cotton policy of the past whereby rigid supports had priced the South out of the international market.

Sec. Mitchell suggested the matter be discussed at the forthcoming Governors Conference. Gen. Persons felt this possibility might be pursued further through appropriate discussions prior to the Conference, otherwise some State patriots might use the Conference as a forum.

Federal Reserve Discount Rate - Dr. Burns called attention to the recent increase in the discount rate and the rapidity of ensuing nationwide increases in the interest rate. He stated that the short term interest rate is at the highest point ever and that the long term rate is the highest since the late 1930s. As a result, the Government faces many problems with regard to Treasury issues, college housing loans, FHA and VA mortgage loans, where the supply of money is being sharply reduced.

Sec. Humphrey recounted the discussions prior to the FRB's action for which he saw some need but which could have been better timed. He stated that the action was having the desired effect very rapidly. He believed the Government should watch the situation very closely and work for a reversal when necessary.

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E.O. 11652, Section 1
By BHC NLE, Date 8-10-76

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The President inquired as to how he might handle the matter at press conference, and Sec. Humphrey suggested that he treat it as an independent action of the FRB without being critical of it.

Sec. Wilson and the Postmaster General believed the action had been unwise in view of the current softness of the automobile market. The President recalled how the automobile industrial leaders had failed to heed warnings a year ago about overproduction.

With regard to what might be done to counteract any harmful effects of the action, Sec. Humphrey believed that the Administration could begin to "free up" money in the near future. Mr. Humphrey warned against any public brawl with the FRB. The President agreed and noted that he might have called Mr. Martin from Georgia but that would have constituted an over-ruling of the financial experts with a purely political judgment, which the President had not felt to be in order.

1957 Legislative Program - Governor Adams took note of the higher level of activity to be expected next September and October, and asked the members of the Cabinet to advance the target date for submission of legislative items, particularly major ones -- to the extent that they could be foreseen at that time. He asked that submissions be made to the Staff Secretary by July 15, since proper clearance of specific items and the preparation of the program as a whole necessarily required much time consuming coordination.

Governor Adams also suggested that Cabinet members submit at that time such material for the State of the Union message as could be prepared.

Dr. Burns made a similar request with regard to the Economic Report. Mr. Brundage concurred.

Republican Convention Arrangements - Governor Adams reported Chrm. Hall's advice to members of the Cabinet to work through their own State Chairmen wherever possible with regard to securing reservations, etc., for the Convention.

Mutualization of Lending and Insurance Agencies (CP - 56-50) - Mr. Kestnbaum read the Cabinet paper on this subject and emphasized that, in the absence of annual appropriations for the agencies concerned, there exists a large need for some other form of control. He recalled a report developed during the work of the first Hoover Commission that had strongly opposed mutualization because of the absence of straight lines of authority. He characterized the entire paper as having its whole force in not opposing greater development of free enterprise.

In discussion, Mr. Kestnbaum answered several of the President's questions by stating that most of the policy could be effected administratively, that amendment of the Corporation Control Act would be required

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legislatively, and that the Bureau of the Budget could prepare necessary legislation in coordination with other interested agencies -- particularly Treasury.

When the President asked as to the existence of any contrary views, Sec. Benson expressed concern over the timing of the move as related to the Agricultural agencies. He stated that much progress had been made in the changeover from Federal to private capital. The President commented that much time would be needed to prepare subsequent actions. Mr. Kestnbaum noted the requirement for Budget to testify on a bill now pending in Congress, but he felt that this program need not be a major dramatic issue. The pending question in Congress regarding the Intermediate Credit Bank could be handled on its merits, he said, without any large policy statements or frontal attacks.

LAM
L. A. Minnich, Jr.

Copies to:
- Mrs. Whitman (2) ✓
- Mr. Rabb
- Mr. Minnich

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RA - 56-50

April 20, 1956

The White House

Washington

THE CABINET

Record of Action

The following is the action taken on the items presented at the Cabinet Meeting of Friday, April 20, 1956:

1. - Discussion of Foreign Trade Balances

Information Item Only

2. - State Discrimination Against Japanese Textiles

Information Item Only

3. - Early Preparation of 1957 Legislative Recommendations

ACTION:

a) Each Department and Agency Head is to transmit to the White House Staff Secretary no later than July 15, 1956 his recommendations for the President's 1957 legislative program, together with any suggestions for the State of the Union Message which can be made available by that date.

b) The White House staff will consult with the respective Departments and Agencies concerning the preparation of these recommendations.

4. - The Recent Discount Rate Action of the Federal Reserve Board

Information Item Only

5. - Convention Arrangements

ACTION:

Department and Agency Heads planning to attend the San Francisco Convention should consult with their respective State Central Committees concerning arrangements for accommodations.

CABINET PAPER

For Action

6. - Mutualization of Government Lending and Insurance Agencies — CP - 56-50

ACTION:

a) CP - 56-50 was approved for subsequent implementation.

b) The Bureau of the Budget, in consultation with the Treasury Department, will develop draft legislation for submission in 1957, and in the meantime will ensure that Administration comments on bills now pending before the Congress are consistent with the policy recommendations of CP - 56-50.

Maxwell M. Rabb
Secretary to the Cabinet

THE WHITE HOUSE
WASHINGTON

April 17, 1956

MEMORANDUM FOR THE PRESIDENT

Subject: Cabinet Agenda for April 20.

Subject to your approval, the following items have been tentatively scheduled for the Cabinet Meeting of Friday, April 20, 1956:

Item 1 -	Early Preparation of 1957 Legislative Recommendations	Governor Adams Dr. Arthur Burns

The Administration's legislative recommendations for the January opening of Congress are usually put together by the Departments during the late summer, and firmed up in the Cabinet during the Fall. It has been pointed out that this year, a much earlier time-table should be used. It is suggested that July 1 be set as the date by which most of the major 1957 program decisions are to be made -- for the following reasons:

a) The attention of many top-level officials in Washington will be diverted between August and November by the election.

b) Departmental staffs are likely to be either tired out by summer or depleted by vacations.

c) The research, analysis and program ideas which are developed between now and July 1 will be equally useful during the election campaign itself.

PRESENTATION TIME: 10 Minutes

Item 2 -	The Recent Discount Rate Action of the Federal Reserve Board	Dr. Arthur Burns

At its March 23 meeting, the Cabinet heard Dr. Burns' First Quarter Economic Report, and "noted the warning by the Chairman of the Council of Economic Advisers against any Government actions which would tend, during the next four weeks, further to tighten credit."

On April 12, the Federal Reserve Board approved raises in the discount rate. In New York, the Chase Bank also raised the prime rate from 3 1/2% to 3 3/4%. The Cabinet should discuss some of the problems which these actions pose for the domestic economy and for the Administration.

PRESENTATION TIME: 10 Minutes.

Item 3 - Mutualization of Government Lending and Insurance Agencies — Mr. Kestnbaum

Following a memorandum on this subject from Mr. Kestnbaum and Mr. Hughes, you requested that the matter be placed on the Cabinet agenda.

The problem, as you recall, is how to carry out the Hoover Commission's recommendation that more of the government's lending and insuring Agencies undergo mutualization: i.e. having the beneficiaries or users retire the outstanding government stock of these Agencies and participate to some extent in their management, but how to do this without weakening necessary government policy and auditing control. With the concurrence of Mr. Hughes and of the Members of the Policy Committee for the Hoover Reports, Mr. Kestnbaum has developed five basic recommendations as to how mutualization should be undertaken to accomplish its purpose of getting the government out of unnecessary financial enterprises without reducing public accountability. These recommendations have been summarized in an outline-form Cabinet paper, have been circulated in advance for Cabinet Members to study, and will be presented by Mr. Kestnbaum at Friday's Cabinet meeting.

PRESENTATION TIME: 20 Minutes.

Item 4 - Charges for Certain Government Services — The Director Bureau of the Budget

This Administration has consistently favored the general policy of charging the users for the cost of Government services from which they receive special benefits. In your 1957 Budget Message you said, "I firmly believe in the principle that Government services which give a special benefit to users should be financed by adequate charges paid by the users."

The Bureau of the Budget reports that the implementation of this policy, too, has met "opposition and obstacles." A new approach is required.

The new approach is a Cabinet Paper, prepared by Budget, in consultation with Mr. Kestnbaum, which sets forth this problem fully and recommends that the Cabinet and you approve one of two new alternatives:

a) Proposing the establishment, by legislation, of a Commission of distinguished citizens to review and make recommendations on fees for Government services.

b) Establishing and appointing a Public Advisory Committee for this purpose.

Since the problem affects activities of nearly every Department, and since either alternative will require Cabinet-wide support, this Cabinet Paper is being submitted for Cabinet consideration and your approval.

PRESENTATION TIME: 20 Minutes

Maxwell M. Rabb

Maxwell M. Rabb
Secretary to the Cabinet

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CP - 56-50

April 16, 1956

The White House

Washington

THE CABINET

Mutualization of Government Lending and Insurance Agencies

For consideration by the Cabinet, attached is a paper on the above subject prepared by the Honorable Meyer Kestnbaum in consultation with the Director of the Bureau of the Budget.

For additional background on this subject, Cabinet Members are referred to the Hoover Commission's March, 1955 Report on Lending Agencies (pages 11, 108 and the intervening sections).

The attached paper has been drawn up in outline form for two purposes simultaneously: (a) as notes for the presentation of this subject to be made by Mr. Kestnbaum, and (b) as substantive material for advance Cabinet study prior to the meeting.

The Recommendations in the attached paper have been concurred in by the following, who are Members of the Policy Committee on the Hoover Reports (cf CI - 33):

The Director of the Bureau of the Budget

The Director of the Office of Defense Mobilization

The Attorney General

The Secretary of Commerce

Mr. Joseph Dodge.

Maxwell M. Rabb
Secretary to the Cabinet

CABINET PAPER

For Consideration

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OBJECTIVE

IT IS THE ESTABLISHED POLICY OF THE ADMINISTRATION TO AVOID COMPETITION WITH PRIVATE ENTERPRISE AND TO CONVERT GOVERNMENT BUSINESS ENTERPRISES TO PRIVATE OWNERSHIP, WHEREVER CONSISTENT WITH THE NATIONAL INTEREST.

CABINET PAPER

For Consideration

METHODS

THESE OBJECTIVES CAN AND ARE BEING ACCOMPLISHED BY

1. OUTRIGHT SALE (AS IN THE CASE OF THE INLAND WATERWAYS CORPORATION).
2. LIQUIDATION OF A GOVERNMENT ENTERPRISE AND SALE OF ITS ASSETS TO PRIVATE INDUSTRY (AS IN THE CASE OF THE RECONSTRUCTION FINANCE CORPORATION).

MUTUALIZATION

THERE ARE A NUMBER OF GOVERNMENT ENTERPRISES, HOWEVER, WHICH CANNOT BE SOLD OUTRIGHT OR LIQUIDATED. THESE ENTERPRISES

1. ALL PERFORM FUNCTIONS ESSENTIAL TO THE ACCOMPLISHMENT OF NATIONAL OBJECTIVES.
2. ARE OFTEN OF AN EXPERIMENTAL NATURE.
3. GENERALLY INVOLVE FINANCIAL RISKS BEYOND THE CAPACITY OF PRIVATE ENTERPRISE.

IT HAS BEEN SUGGESTED THAT ENTERPRISES OF THIS TYPE BE MUTUALIZED

DEFINITION

MUTUALIZATION IS NOT A PRECISE CONCEPT. THE TERM HAS BEEN USED

1. WHEN IT IS INTENDED THAT A GOVERNMENT ENTERPRISE WILL BE CONVERTED ULTIMATELY TO A PRIVATE ENTERPRISE WHOLLY OWNED AND CONTROLLED BY USERS OF THE SERVICE, (AS IN THE CASE OF FEDERAL NATIONAL MORTGAGE ASSOCIATION).

2. WHEN A PORTION OF THE CAPITAL STOCK IN A GOVERNMENT ENTERPRISE IS SOLD TO PRIVATE INVESTORS SO AS TO CREATE A CONDITION OF MIXED GOVERNMENT AND PRIVATE OWNERSHIP,(AS IN THE CASE OF THE BANKS FOR COOPERATIVES).

3. WHEN EARNINGS OF A GOVERNMENT ENTERPRISE ARE APPLIED TO RETIRE ITS GOVERNMENT OWNED CAPITAL STOCK, BUT WITH NO PRIVATE PARTICIPATION IN OWNERSHIP, (AS IN THE CASE OF THE FEDERAL DEPOSIT INSURANCE CORPORATION).

4. WHEN THERE IS USER PARTICIPATION IN THE MANAGEMENT AND CONTROL OF A GOVERNMENT ENTERPRISE WITHOUT PRIVATE STOCK OWNERSHIP, (AS IN THE CASE OF THE FEDERAL INTERMEDIATE CREDIT BANKS).

APPLICATION

THIS DIVERSITY OF INTERPRETATION IS REFLECTED BY THE DIFFERENT WAYS IN WHICH THE MUTUALIZATION CONCEPT HAS BEEN APPLIED IN THE FEDERAL GOVERNMENT.

EXAMPLES OF SO-CALLED MUTUALIZED OR PARTLY MUTUALIZED AGENCIES ARE:

Library

1. FEDERAL HOME LOAN BANKS
2. FEDERAL DEPOSIT INSURANCE CORPORATION
3. FEDERAL SAVINGS AND LOAN INSURANCE CORPORATION
4. FEDERAL NATIONAL MORTGAGE ASSOCIATION
5. BANKS FOR COOPERATIVES
6. FEDERAL LAND BANKS.

COMMON CHARACTERISTICS

THESE AGENCIES HAVE CERTAIN COMMON CHARACTERISTICS.

1. ALL ARE PUBLIC AGENCIES SERVING A PUBLIC PURPOSE.
2. ALL WERE CREATED BY AND OPERATE UNDER SPECIFIC AUTHORITY GRANTED BY CONGRESS.
3. ALL ENJOY THE PRIVILEGES, POWERS AND IMMUNITIES OF PUBLIC STATUS.
4. ALL WERE INITIALLY CAPITALIZED BY THE GOVERNMENT.
5. ALL HAVE ACCESS TO FEDERAL FUNDS, BUT NONE RECEIVE ANNUAL APPROPRIATIONS.
6. ALL RECEIVE SOME FORM OF FEDERAL SUBSIDY.

DIFFERENCES

THERE ARE, HOWEVER, SIGNIFICANT DIFFERENCES WITH RESPECT TO

1. METHOD OF MUTUALIZATION.
2. STOCK OWNERSHIP.
3. MANAGEMENT.
4. EXTENT OF GOVERNMENT'S FINANCIAL EXPOSURE.
5. DEGREE OF GOVERNMENT CONTROL.

THESE ARE ILLUSTRATED BY THE FOLLOWING ANALYSES.

METHOD OF MUTUALIZATION

MUTUALIZATION IN PRINCIPLE CONTEMPLATES THAT THERE WILL BE SOME DEGREE OF PRIVATE INVESTMENT IN AN ENTERPRISE. UP TO NOW MUTUALIZATION USUALLY HAS NOT BEEN ACCOMPLISHED BY THE NORMAL PATTERN OF PRIVATE EQUITY INVESTMENT. "PRIVATE OWNERSHIP" HAS BEEN GENERALLY ACHIEVED EITHER --

1. BY APPLYING EARNINGS GRADUALLY TO RETIRE U. S. STOCK;
2. BY REQUIRING BORROWERS TO TAKE PART OF THEIR LOAN IN STOCK; OR
3. BY REQUIRING BORROWERS OR USERS OF THE SERVICE TO PURCHASE STOCK IN AN AMOUNT PROPORTIONATE TO THEIR USE OF THE SERVICE.

METHOD OF MUTUALIZATION

THE FOLLOWING TABLE SHOWS THE METHODS WHICH HAVE BEEN EMPLOYED TO FINANCE THE RETIREMENT OF U. S. STOCK.

TABLE I

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Agency	Method
11 FEDERAL HOME LOAN BANKS	-- USERS REQUIRED TO SUBSCRIBE TO STOCK.
FEDERAL DEPOSIT INSURANCE CORPORATION	-- EARNINGS APPLIED TO RETIRE U.S. STOCK.
FEDERAL SAVINGS AND LOAN INSURANCE CORPORATION	-- EARNINGS BEING APPLIED TO RETIRE U.S. STOCK.
FEDERAL NATIONAL MORTGAGE ASSOCIATION	-- USERS REQUIRED TO SUBSCRIBE TO STOCK.
13 BANKS FOR COOPERATIVES	-- EARNINGS BEING APPLIED TO RETIRE U.S. STOCK. BORROWERS REQUIRED TO PURCHASE STOCK WHICH IS RETIRED WHEN LOAN IS REPAID.
12 FEDERAL LAND BANKS	-- EARNINGS APPLIED TO RETIRE U.S. STOCK. BORROWERS REQUIRED TO PURCHASE STOCK WHICH IS RETIRED WHEN LOAN IS REPAID. IN THE CASE OF THE ST. PAUL LAND BANK A GOVERNMENT LOAN WAS OBTAINED TO RETIRE U. S. STOCK.

OWNERSHIP

THERE IS NO STANDARD PATTERN OF STOCK OWNERSHIP IN MUTUALIZED ENTERPRISES. THE FOLLOWING TABLE SHOWS THE PRESENT DISTRIBUTION OF CAPITAL STOCK IN EACH ENTERPRISE.

TABLE II
(All figures in millions)

Agency	U. S. Stock	Private Capital Stock
11 FEDERAL HOME LOAN BANKS	$ 0	$420.5
FEDERAL DEPOSIT INSURANCE CORPORATION	0	0
FEDERAL SAVINGS AND LOAN CORPORATION	66.8	0
FEDERAL NATIONAL MORTGAGE ASSOCIATION	92.8	0.3
13 BANKS FOR COOPERATIVES	150.0	17.9
12 FEDERAL LAND BANKS	0	70.0

IT CAN BE SEEN THAT —

1. NO STOCK IN THE FDIC AND FSLIC IS PRIVATELY OWNED.
2. OVER 90% OF THE STOCK IN FNMA AND THE BANKS FOR COOPERATIVES IS U. S. OWNED.
3. NO STOCK IN THE HOME LOAN BANKS AND THE LAND BANKS IS NOW U. S. OWNED.

MANAGEMENT

THE GOVERNMENT IS REPRESENTED ON THE BOARDS OF DIRECTORS OF ALL MUTUALIZED ENTERPRISES, BUT THE NUMBER OF GOVERNMENT APPOINTED DIRECTORS VARIES. THE FOLLOWING TABLE SHOWS THE COMPOSITION OF EACH BOARD OF DIRECTORS.

TABLE III

Agency	Directors Appointed By Government	Directors Elected to Private Stockholders
11 FEDERAL HOME LOAN BANKS	4	8
FEDERAL DEPOSIT INSURANCE CORPORATION	3	0
FEDERAL SAVINGS AND LOAN INSURANCE CORPORATION	3	0
FEDERAL NATIONAL MORTGAGE ASSOCIATION	5	0
13 BANKS FOR COOPERATIVES	2	5
12 FEDERAL LAND BANKS	2	5

IT MAY BE NOTED THAT THE GOVERNMENT OCCUPIES A MINORITY POSITION ON EVERY BOARD WHICH INCLUDES DIRECTORS ELECTED BY PRIVATE STOCKHOLDERS, EVEN WHEN IT IS THE MAJORITY STOCKHOLDER.

GOVERNMENT EXPOSURE

GOVERNMENT LIABILITY FOR MUTUALIZED ENTERPRISES IS, AS A PRACTICAL MATTER, NOT LIMITED. THE FOLLOWING TABLE SHOWS THE CALL WHICH MUTUALIZED AGENCIES NOW HAVE ON FEDERAL FUNDS AND THE POTENTIAL U. S. LIABILITY.

TABLE IV
(All figures in millions)

Agency	Call On Federal Funds	Potential U. S. Exposure
11 FEDERAL HOME LOAN BANKS	$1,000	$ 115
FEDERAL DEPOSIT INSURANCE CORPORATION	3,000	106,200
FEDERAL SAVINGS AND LOAN INSURANCE CORPORATION	750	27,400
FEDERAL NATIONAL MORTGAGE ASSOCIATION	1,000	135
13 BANKS FOR COOPERATIVES	36	120
12 FEDERAL LAND BANKS	500	1,007
TOTAL	$6,286	$134,977

IT CAN BE SEEN THAT --

1. ALL MUTUALIZED ENTERPRISES HAVE A CALL ON FEDERAL FUNDS.
2. INSURANCE CONTRACTS AND UNGUARANTEED OBLIGATIONS OF THESE ENTERPRISES CONSTITUTE A TREMENDOUS CONTINGENT OR POTENTIAL U. S. LIABILITY.

GOVERNMENT CONTROLS

MUTUALIZATION HAS BEEN GENERALLY ACCOMPANIED BY A WEAKENING OF GOVERNMENT CONTROLS. THE FOLLOWING TABLE SHOWS THE PRESENT APPLICATION OF BUDGET AND AUDIT CONTROLS TO MUTUALIZED AGENCIES.

TABLE V

Agency	Budget	GAO Audit
11 FEDERAL HOME LOAN BANKS	NO	YES
FEDERAL DEPOSIT INSURANCE CORPORATION	NO	YES
FEDERAL SAVINGS AND LOAN INSURANCE CORPORATION	YES	YES
FEDERAL NATIONAL MORTGAGE ASSOCIATION	YES	YES
13 BANKS FOR COOPERATIVES	NO	YES
12 FEDERAL LAND BANKS	NO	NO

IT CAN BE SEEN THAT —

1. ONLY FNMA AND FSLIC SUBMIT BUDGETS FOR ANNUAL REVIEW BY THE PRESIDENT AND CONGRESS.

2. THE 12 FEDERAL LAND BANKS ARE NOT AUDITED BY THE GAO.

SOME OF THE PRACTICAL RESULTS OF MUTUALIZATION FOLLOW.

1. MUTUALIZATION HAS NOT PROVIDED A WAY TO GET THE GOVERNMENT OUT OF BUSINESS.

MUTUALIZED AGENCIES ARE PUBLIC, NOT PRIVATE, ENTERPRISES.

2. MUTUALIZATION HAS SOMETIMES BEEN CONSTRUED TO MEAN MIXED GOVERNMENT AND PRIVATE OWNERSHIP OF A PUBLIC AGENCY. MIXED OWNERSHIP MAKES IT DIFFICULT TO ESTABLISH STRAIGHT LINES OF AUTHORITY AND ACCOUNTABILITY.

3. SERIOUS DIFFICULTIES MAY ARISE WHEN THE GOVERNMENT IS COMPELLED TO RELY ON PRIVATE GROUPS FOR THE PERFORMANCE OF PUBLIC RESPONSIBILITIES. PRIVATE OWNERS ARE LIKELY TO LOSE SIGHT OF THE BROAD PUBLIC PURPOSES WHICH THE ENTERPRISE WAS CREATED TO SERVE. CONFLICTS OF INTEREST MAY WELL RESULT.

FOR EXAMPLE, PRIVATE CONTROL OF THE FARM CREDIT SYSTEM HAS TENDED TO RESTRICT ITS ROLE IN MEETING THE CREDIT NEEDS OF AGRICULTURE. THIS HAS RESULTED IN DEMANDS FOR INCREASING THE LENDING AUTHORITY OF THE FARMERS HOME ADMINISTRATION.

4. MUTUALIZATION HAS NOT RESULTED IN THE COMPLETE REPAYMENT OF THE TOTAL U. S. INVESTMENT, INCLUDING EARNED SURPLUS AND RESERVES. IT HAS GENERALLY BEEN INTERPRETED TO MEAN ONLY THE RETIREMENT AT PAR OF U. S. OWNED STOCK.

THE FEDERAL LAND BANKS, FOR EXAMPLE, AFTER ALL U. S. STOCK WAS RETIRED, RETAINED $167 MILLION LARGELY EARNED FROM INVESTMENT OF INTEREST FREE U. S. CAPITAL.

5. IN MOST CASES MUTUALIZATION COULD NOT BE ACHIEVED WITHOUT SUBSTANTIAL FEDERAL SUBSIDIES.

FOR EXAMPLE, THE HOME LOAN BANKS AND FEDERAL LAND BANKS WERE NOT REQUIRED FULLY TO REIMBURSE THE TREASURY FOR THE COST OF GOVERNMENT FURNISHED CAPITAL.

THE BANKS FOR COOPERATIVES ALSO OBTAIN THE USE OF GOVERNMENT FUNDS AT LESS THAN COST.

Library

6. MUTUALIZATION HAS NOT RELIEVED THE GOVERNMENT OF FINANCIAL RESPONSIBILITY.

MUTUALIZED OR PARTLY MUTUALIZED AGENCIES NOW HAVE A CALL ON THE TREASURY IN EXCESS OF $6 BILLION.

7. IN ADDITION, THE GOVERNMENT RETAINS A MORAL RESPONSIBILITY FOR ALL OF THE OBLIGATIONS OF MUTUALIZED AGENCIES AND ITS POTENTIAL LIABILITY NOW EXCEEDS $130 BILLION.

ARCHIVAL BOND
25% COTTON

8. MUTUALIZATION HAS GENERALLY BEEN ACCOMPANIED BY REMOVAL OR WEAKENING OF THOSE GOVERNMENT CONTROLS OVER AGENCY OPERATIONS ESSENTIAL TO ASSURE —

a. CONFORMITY WITH LAW AND PUBLIC POLICY.

b. EFFICIENCY AND ECONOMY.

c. PROTECTION OF GOVERNMENT'S FINANCIAL INTERESTS.

HOOVER COMMISSION RECOMMENDATIONS

THE HOOVER COMMISSION RECOMMENDS MUTUALIZATION OF THE FEDERAL HOUSING ADMINISTRATION, FEDERAL INTERMEDIATE CREDIT BANKS, AND RURAL ELECTRIFICATION ADMINISTRATION. THE COMMISSION DOES NOT GO INTO DETAILS OR DISCUSS SPECIFIC METHODS FOR ACCOMPLISHING MUTUALIZATION.

MR. HOOVER, HOWEVER, HAS OUTLINED IN A RECENT LETTER CERTAIN PRINCIPLES WHICH HE BELIEVES SHOULD BE FOLLOWED IN MUTUALIZING GOVERNMENT ENTERPRISES. THESE ARE —

1. MUTUALIZATION SHOULD PROVIDE FOR REPAYMENT OF THE FULL GOVERNMENT INVESTMENT, NOT ALONE CAPITAL STOCK.

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2. CONTROL OF A MUTUALIZED ENTERPRISE SHOULD BE VESTED IN A FEDERAL BOARD TO REPRESENT THE CONTINUING GOVERNMENT INTEREST.

3. WHERE THERE ARE CONTINUING PRIVILEGES, SUCH AS OPEN CREDIT WITH THE TREASURY, TAX EXEMPTIONS ETC., THE FEDERAL GOVERNMENT MUST OCCUPY A SEAT OF CONTROL.

4. WHEN ALL ACTUAL AND MORAL GOVERNMENT OBLIGATIONS AND PRIVILEGES HAVE BEEN DISCHARGED, A MUTUALIZED INSTITUTION CAN BE TURNED LOOSE FROM THE GOVERNMENT.

POSSIBLE EFFECT OF HOOVER COMMISSION RECOMMENDATIONS

MR. HOOVER'S PRINCIPLES HAVE THUS FAR GENERALLY NOT BEEN APPLIED IN MUTUALIZING FEDERAL AGENCIES.

IT WOULD BE POSSIBLE UNDER EXISTING PRECEDENTS TO MUTUALIZE THE AGENCIES NAMED BY THE HOOVER COMMISSION IN SUCH A WAY AS TO IMPAIR PUBLIC CONTROL BUT STILL PERMIT THEM TO —

1. HAVE A CALL ON FEDERAL FUNDS OF OVER $900 MILLION;
2. HAVE OVER $50 MILLION OUTSTANDING IN U. S. GUARANTEED OBLIGATIONS; AND
3. INCUR A POTENTIAL FEDERAL LIABILITY OF ALMOST $200 BILLION.

CONCLUSIONS

1. TO THE EXTENT THAT MUTUALIZATION CONTEMPLATES THAT USERS OF A GOVERNMENT SERVICE WILL PAY OUT THE TOTAL U. S. INVESTMENT, THE CONCEPT IS SOUND, SO LONG AS IT IS DONE ON A BASIS THAT DOES NOT INVOLVE FEDERAL DONATIONS OR SUBSIDIES.

2. THE MERE TRANSFER OF CAPITAL STOCK DOES NOT BY ITSELF CONVERT GOVERNMENT BUSINESS ENTERPRISES TO PRIVATE ENTERPRISES.

3. THE PROCESS OF MUTUALIZATION SHOULD NOT BE USED TO OBSCURE THE DISTINCTION BETWEEN PUBLIC AND PRIVATE ENTERPRISE. THIS IS BLURRED BY MIXED OWNERSHIP.

4. THE GOVERNMENT REMAINS RESPONSIBLE FOR MUTUALIZED AGENCIES. CONSEQUENTLY, PUBLIC ACCOUNTABILITY MUST NOT BE IMPAIRED.

RECOMMENDATIONS

1. WHEN THE NATIONAL INTEREST NO LONGER REQUIRES DIRECT GOVERNMENT OWNERSHIP AND OPERATION OF AN ENTERPRISE, IT SHOULD EITHER BE LIQUIDATED OR SOLD AT FAIR VALUE TO PRIVATE INDIVIDUALS OR GROUPS. UPON PASSING INTO PRIVATE OWNERSHIP, THE ENTERPRISE SHOULD BE REQUIRED TO SURRENDER THE PRIVILEGES AND IMMUNITIES OF ITS FORMER PUBLIC STATUS.

2. WHENEVER GOVERNMENT ASSISTANCE TO PRIVATE ENTERPRISES IS DEEMED TO BE NECESSARY AND DESIRABLE IN THE PUBLIC INTEREST, IT SHOULD GENERALLY BE FURNISHED BY MEANS OTHER THAN THE PURCHASE OF CAPITAL STOCK WHICH CREATES CONFUSION AS TO OWNERSHIP. A CLEAR DISTINCTION SHOULD BE MAINTAINED BETWEEN GOVERNMENT-ASSISTED PRIVATE ENTERPRISES AND THOSE HAVING A PUBLIC CHARACTER.

3. MORE EFFECTIVE GOVERNMENT CONTROL OVER MIXED-OWNERSHIP CORPORATIONS SHOULD BE ESTABLISHED BY:

   a. VESTING THE APPOINTMENT OF DIRECTORS AND OFFICERS IN THE PRESIDENT ALONE, OR IN THE HEADS OF DEPARTMENTS, AS PROVIDED BY ARTICLE II, SECTION 2 OF THE CONSTITUTION; AND

   b. AMENDING THE GOVERNMENT CORPORATION CONTROL ACT TO ASSURE CONTINUING BUDGET AND AUDIT CONTROL OVER MIXED-OWNERSHIP CORPORATIONS.

4. MUTUALIZED OR PARTLY MUTUALIZED AGENCIES SHOULD BE REQUIRED TO REIMBURSE THE GOVERNMENT FOR ALL COSTS, INCLUDING INTEREST ON GOVERNMENT FURNISHED FUNDS, GOVERNMENT CONTRIBUTIONS TO THE RETIREMENT AND EMPLOYEES' COMPENSATION FUNDS, AND ANY OTHER COSTS BORNE BY THE GOVERNMENT.

5. GOVERNMENT SUBSIDIES SHOULD NOT PROVIDE THE FUNDS BY WHICH AGENCIES ARE MUTUALIZED.

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CP - 56-50/1

April 20, 1956

The White House
Washington

THE CABINET

Mutualization of Government Lending and Insurance Agencies

The attached approved paper is circulated for action by the Bureau of the Budget in consultation with the Treasury Department, and for the information of Cabinet Members and Agency Heads affected. This paper, now edited slightly and reproduced in final form, was approved at the Cabinet Meeting of April 20, 1956 (RA - 56-50, Item 6).

The timing of the action to be taken on this paper will be determined by the Director of the Bureau of the Budget pursuant to the specified Cabinet agreement.

Maxwell M. Rabb
Secretary to the Cabinet

CABINET PAPER
For Action

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OBJECTIVE

It is the established policy of the Administration to avoid competition with private enterprise and to convert Government business enterprises to private ownership, wherever consistent with the national interest.

METHODS

These objectives can and are being accomplished by

1. Outright sale (as in the case of the Inland Waterways Corporation).
2. Liquidation of a Government enterprise and sale of its assets to private industry (as in the case of the Reconstruction Finance Corporation).

MUTUALIZATION

There are a number of Government enterprises, however, which cannot be sold outright or liquidated. These enterprises

1. All perform functions essential to the accomplishment of national objectives.
2. Are often of an experimental nature.
3. Generally involve financial risks beyond the capacity of private enterprise.

It has been suggested that enterprises of this type be mutualized.

DEFINITION

Mutualization is not a precise concept. The term has been used

1. When it is intended that a Government enterprise will be converted ultimately to a private enterprise wholly owned and controlled by users of the service, (as in the case of Federal National Mortgage Association's Secondary Market Program).
2. When a portion of the capital stock in a Government enterprise is sold to private groups so as to create a condition of mixed Government and private ownership, (as in the case of the banks for cooperatives).
3. When earnings of a Government enterprise are applied to retire its Government owned capital stock, but with no private participation in ownership, (as in the case of the Federal Deposit Insurance Corporation).
4. When there is user participation in the management and control of a Government enterprise without private stock ownership, (as in the case of the Federal Intermediate Credit Banks).

CABINET PAPER

For Action

APPLICATION

This diversity of interpretation is reflected by the different ways in which the mutualization concept has been applied in the Federal Government.

Examples of so-called mutualized or partly mutualized agencies are:

1. Federal Home Loan Banks
2. Federal Deposit Insurance Corporation
3. Federal Savings and Loan Insurance Corporation
4. Federal National Mortgage Association
5. Banks for Cooperatives
6. Federal Land Banks.

COMMON CHARACTERISTICS

These agencies have certain common characteristics.

1. All are public agencies serving a public purpose.
2. All were created by and operate under specific authority granted by Congress.
3. All enjoy the privileges, powers and immunities of public status.
4. All were initially capitalized by the Government.
5. All have access to Federal funds, but none receives annual appropriations.
6. All receive some form of Federal subsidy.

DIFFERENCES

There are, however, significant differences with respect to

1. Method of mutualization.
2. Stock ownership.
3. Management.
4. Extent of Government's financial exposure.
5. Degree of Government control.

These are illustrated by the following analyses:

METHOD OF MUTUALIZATION

Mutualization in principle contemplates that there will be some degree of private investment in an enterprise. Up to now mutualization usually has not been accomplished by the normal pattern of private equity investment. "Private ownership" has been generally achieved either --

1. By applying earnings gradually to retire U. S. stock;
2. By requiring borrowers to take part of their loan in stock; or
3. By requiring borrowers or users of the service to purchase stock in an amount proportionate to their use of the service.

METHOD OF MUTUALIZATION

The following table shows the methods which have been employed to finance the retirement of U. S. stock.

TABLE I

Agency	Method
11 Federal Home Loan Banks	— Users required to subscribe to stock.
Federal Deposit Insurance Corporation	— Earnings applied to retire U.S. stock.
Federal Savings and Loan Insurance Corporation	— Earnings being applied to retire U.S. stock.
Federal National Mortgage Association	— Users required to subscribe to stock.
13 banks for cooperatives	— Earnings being applied to retire U.S. stock. Borrowers required to purchase stock which is retired when loan is repaid.
12 Federal Land Banks	— Earnings applied to retire U.S. stock. Borrowers required to purchase stock which is retired when loan is repaid. In the case of the St. Paul Land Bank a Government loan was obtained to retire U.S. stock.

OWNERSHIP

There is no standard pattern of stock ownership in mutualized enterprises. The following table shows the present distribution of capital stock in each enterprise.

Table II
(All figures in millions)

Agency	U.S. Stock	Private Capital Stock
11 Federal Home Loan Banks	$ 0	$420.5
Federal Deposit Insurance Corporation	0	0
Federal Savings and Loan Insurance Corporation	66.8	0
Federal National Mortgage Association	92.8	0.3
13 Banks for Cooperatives	150.0	17.9
12 Federal Land Banks	0	70.0

It can be seen that —

1. No stock in the FDIC and FSLIC is privately owned.
2. Over 90% of the stock in FNMA and the Banks for Cooperatives is U. S. owned.
3. No stock in the Home Loan Banks and the Land Banks is now U. S. owned.

MANAGEMENT

The Government is represented on the Boards of Directors of all mutualized enterprises, but the number of Government appointed directors varies. The following table shows the composition of each Board of Directors.

Table III

Agency	Directors Appointed By Government	Directors Elected by Private Stockholders
11 Federal Home Loan Banks	4	8
Federal Deposit Insurance Corporation	3	0
Federal Savings and Loan Insurance Corporation	3	0
Federal National Mortgage Association	5	0
13 Banks for Cooperatives	2	5
12 Federal Land Banks	2	5

It may be noted that the Government occupies a minority position on every Board which includes directors elected by private stockholders, even when it is the majority stockholder.

GOVERNMENT EXPOSURE

Government liability for mutualized enterprises is, as a practical matter, not limited. The following table shows the call which mutualized agencies now have on Federal funds and the possible U. S. exposure.

TABLE IV
(All figures in millions)

Agency	Call On Federal Funds	Possible U. S. Exposure
11 Federal Home Loan Banks	$1,000	$ 115
Federal Deposit Insurance Corporation	3,000	106,200
Federal Savings and Loan Insurance Corporation	750	27,400
Federal National Mortgage Association	1,000	135
13 Banks for Cooperatives	36	120
12 Federal Land Banks	500	1,007
TOTAL	$6,286	$134,977

It can be seen that —

1. All mutualized enterprises have a call on Federal funds.
2. The insured liability and unguaranteed obligations of these enterprises constitute a tremendous contingent or possible U. S. exposure.

GOVERNMENT CONTROLS

Mutualization has been generally accompanied by a weakening of Government controls. The following table shows the present application of budget and audit controls to mutualized agencies.

TABLE V

Agency	Budget	GAO Audit
11 Federal Home Loan Banks	No	Yes
Federal Deposit Insurance Corporation	No	Yes
Federal Savings and Loan Insurance Corporation	Yes	Yes
Federal National Mortgage Association	Yes	Yes
13 Banks for Cooperatives	No	Yes
12 Federal Land Banks	No	No

It can be seen that —

1. Only FNMA and FSLIC submit budgets for annual review by the President and Congress.
2. The 12 Federal Land Banks are not audited by the GAO.

FINDINGS

Some of the practical results of mutualization follow.

1. Mutualization has not provided a way to get the Government out of business.

   Mutualized agencies are public, not private, enterprises.

2. Mutualization has sometimes been construed to mean mixed Government and private ownership of a public agency. Mixed ownership makes it difficult to establish straight lines of authority and accountability.

3. Serious difficulties may arise when the Government is compelled to rely on private groups for the performance of public responsibilities. Private owners are likely to lose sight of the broad public purposes which the enterprise was created to serve. Conflicts of interest may well result.

For example, private control of the farm credit system has tended to restrict its role in meeting the credit needs of agriculture. This has resulted in demands for increasing the lending authority of the Farmers Home Administration.

4. Mutualization has not resulted in the complete repayment of the total U. S. investment, including earned surplus and reserves. It has generally been interpreted to mean only the retirement at par of U. S. owned stock.

The Federal Land Banks, for example, after all U. S. stock was retired, retained $167 million largely earned from investment of interest free U. S. capital.

5. In most cases mutualization could not be achieved without substantial Federal subsidies.

For example, the Home Loan Banks and Federal Land Banks were not required fully to reimburse the Treasury for the cost of Government furnished capital.

The Banks for Cooperatives also obtain the use of Government funds at less than cost.

6. Mutualization has not relieved the Government of financial responsibility.

Mutualized or partly mutualized agencies now have a call on the Treasury in excess of $6 billion.

7. In addition, the Government retains a moral responsibility for all of the obligations of mutualized agencies and its possible exposure now exceeds $130 billion.

8. Mutualization has generally been accompanied by removal or weakening of those Government controls over agency operations essential to assure --

a. Conformity with law and public policy.
b. Efficiency and economy.
c. Protection of Government's financial interests.

HOOVER COMMISSION RECOMMENDATIONS

The Hoover Commission recommends mutualization of the Federal Housing Administration, Federal Intermediate Credit Banks, and Rural Electrification Administration. The Commission does not go into details or discuss specific methods for accomplishing mutualization.

Mr. Hoover, however, has outlined in a recent letter certain principles which he believes should be followed in mutualizing Government enterprises. These are --

1. Mutualization should provide for repayment of the full Government investment, not alone capital stock.

2. Control of a mutualized enterprise should be vested in a Federal board to represent the continuing Government interest.

3. Where there are continuing privileges, such as open credit with the Treasury, tax exemptions etc., the Federal Government must occupy a seat of control.

4. When all actual and moral Government obligations and privileges have been discharged, a mutualized institution can be turned loose from the Government.

POSSIBLE EFFECT OF HOOVER COMMISSION RECOMMENDATIONS

Mr. Hoover's principles have thus far generally not been applied in mutualizing Federal agencies.

It would be possible under existing precedents to mutualize the agencies named by the Hoover Commission in such a way as to impair public control but still permit them to —

1. Have a call on Federal funds of over $900 million;
2. Have over $50 million outstanding in U. S. guaranteed obligations; and
3. Incur a potential Federal liability of almost $20 billion.

CONCLUSIONS

1. To the extent that mutualization contemplates that users of a Government service will pay out the total U. S. investment, the concept is sound, so long as it is done on a basis that does not involve Federal donations or subsidies.

2. The mere transfer of capital stock does not by itself convert Government business enterprises to private enterprises.

3. The process of mutualization should not be used to obscure the distinction between public and private enterprise. This is blurred by mixed ownership.

4. The Government remains responsible for mutualized agencies. Consequently, public accountability must not be impaired.

RECOMMENDATIONS

1. When the national interest no longer requires direct Government ownership and operation of an enterprise, it should either be liquidated or sold at fair value to private individuals or groups. Upon passing into private ownership, the enterprise should be required to surrender the privileges and immunities of its former public status.

2. Whenever Government assistance to private enterprises is deemed to be necessary and desirable in the public interest, it should generally be furnished by means other than the purchase of capital stock which creates confusion as to ownership. A clear distinction should be maintained between Government-assisted private enterprises and those having a public character.

3. More effective Government control over mixed-ownership corporations should be established by:

   a. Vesting the appointment of directors and officers in the President alone, or in the heads of departments, as provided by Article II, Section 2 of the Constitution; and

b. Amending the Government Corporation Control Act to assure continuing budget and audit control over mixed-ownership corporations.

4. Mutualized or partly mutualized agencies should be required to reimburse the Government for all costs, including interest on Government furnished funds, Government contributions to the Retirement and Employees' Compensation Funds, and any other costs borne by the Government.

5. Government subsidies should not provide the funds by which agencies are mutualized.

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CA - 56-51

April 24, 1956

The White House
Washington

THE CABINET

Agenda
9:00 AM, Friday, April 27, 1956

1. Travel in Africa	(Oral)	The Secretary of State
2. Recommendations of the Inter-departmental Committee for the Study of Jurisdiction over Federal Areas Within the States	CP - 56-51	The Attorney General Hon. Perry Morton
3. Monthly Budget Report	(Oral)	The Director, Bureau of the Budget
4. Charges for Certain Government Services	CP - 56-49/1	The Director, Bureau of the Budget

Maxwell M. Rabb
Secretary to the Cabinet

CABINET PAPER
For Action

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DETERMINED TO BE AN
ADMINISTRATIVE MARKING
E.O. 11652, Section 1
By RHC NLE, Date 8-10-76

MINUTES OF CABINET MEETING

April 27, 1956
9:05 A. M. -- 10:25 A. M.

The following were present:

President Eisenhower

Vice President Nixon
Sec. Dulles
Sec. Humphrey
Sec. Wilson
Mr. Brownell, and
  Asst. Atty Gen. Perry W. Morton
Mr. Summerfield
Under Sec. of the Interior Davis
Sec. Benson
Sec. Mitchell
Sec. Weeks
Sec. Folsom

Director Brundage, and
  Mr. A. R. Jones
Chairman Young
Deputy Director of ODM Cooley
Amb. Lodge

Hon. Harvey V. Higley,
  Veterans Administration
Hon. F. G. Floete,
  General Services Administration

Gen. Persons
Mr. Rabb
Mr. Harlow
Mr. Morgan
Mr. Martin
Col. Goodpaster
Mr. Murray Snyder
Mr. Patterson
Mr. Minnich

Sec. Dulles expressed the gratification of the entire Cabinet that the "team" will again this election year be that of "Ike and Dick". The Cabinet confirmed this with brief applause.

Travel in Africa - Sec. Dulles expressed his own and Ambassador Lodge's feeling that it would be highly desirable if Cabinet members could in their travel abroad include one or more African stops in their itineraries. Ambassador Lodge stressed the important effect that could be had from appearances of high Government officials in the various areas that are just emerging from colonial status.

Later in the meeting the Vice President reverted to the subject to stress the importance also of Cabinet attendance at social events honoring visiting dignitaries in the United States. He believed this particularly important with regard to President Sukarno's visit and Asian leaders generally. Sec. Weeks noted the great number of such social events and asked for guidance from the State Department on the most important. The Vice President thought it would suffice if each Cabinet member could attend at least one event for each visitor. Ambassador Lodge seconded his remarks.

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E.O. 11652, Section 1
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Amb. Lodge suggested the desirability of presentation of an honorary degree by Columbia University to President Sukarno. The Vice President noted the great impact to be had when school children are excused from classes to attend welcoming ceremonies.

Federal Jurisdiction Within the States (CP 56-51) - The Attorney General introduced this paper by noting the irritating problems connected with law enforcement, taxation, office holding, etc., and the resulting controversies with State officials. He offered the services of the Justice Department in helping to clarify specific cases, just as this report would serve for general clarification. Assistant Attorney General Morton briefed the report and emphasized the vast powers of the Federal Government conferred in Article I, Section 8, Clause 17, of the Constitution. He asserted that even though the right of the Federal Government to assume jurisdiction had been merely permissive since 1940, the tradition of assumption had generally been continued in recent years. Corrective action was felt necessary by the Jurisdiction Committee, particularly in regard to the situation prior to 1940. Mr. Morton noted several cases where conflicting jurisdiction had made law enforcement impossible.

Mr. Morton then read the recommendations for new legislation, for continuation of the work of the Committee, and for administrative implementation of the report. He also requested the Bureau of the Budget for an allotment of sufficient funds for quantity printing and distribution of the report.

The President believed that the Administration rather than the States should take the initiative in requesting legislation, as Mr. Rabb had indicated Mr. Kestnbaum desired.

Gen. Persons ascertained that the Legislative Leaders would be consulted prior to any request by the Administration for new legislation.

Monthly Budget Report - Mr. Brundage indicated that there had not been much change since the last report and that the increases in Treasury receipts assured a surplus for FY 1956. He asked that all agencies endeavor as far as possible to pay current bills prior to June 30, so as to avoid an unnecessary drag on the 1957 budget.

In regard to 1958 appropriation requests, Mr. Brundage stated that the Budget had asked departments to maintain existing levels of appropriations and to balance any necessary new authorizations by paring old programs.

Charges for Certain Government Services (CP 56-49/1) - Mr. Brundage stated that this proposal had been revised to offer the alternatives of

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By GHC NLE, Date 8-10-76

either a Congressional Commission or a Presidential group to study the problem and make recommendations. He asked that the Cabinet reaffirm the need for such a study and decide which alternative to pursue.

Amb. Lodge, Sec. Benson, and Under Sec. Davis questioned the timing of the initiation of such a study. The Vice President and the President noted that this action would be merely the initiation of study, but the President recalled that previous special committees had inspired high regard for their findings and that the most rapid action could best be obtained by establishing such a committee without awaiting Congressional authorization. Sec. Weeks urged that action proceed quickly.

It was agreed that a committee should be established without public announcement at this time.

Public Opinion on Farm Bill Veto - Sec. Benson reported that very little correspondence had been received on this matter in the Department of Agriculture and the bulk of it was favorable to the President's action. He expressed his belief that the new Soil Bank bill could be secured.

The President, noting that Defense Department makes advance payments on contracts, questioned what latitude might exist for a decision by the Administration to make advance payments if the Congress does not specifically prohibit them in the new bill. Sec. Benson thought that such action would be restricted by older laws.

Unemployment Statistics - Sec. Mitchell announced that the Labor Department would begin next month to break down the statistics concerning those who draw unemployment benefits. Such a breakdown will make clear publicly that not all unemployed are heads of families and that there is a sort of rotation of unemployment among individuals.

Executive Pay Bill - Gen. Persons reported on the "confused" status of this legislation and suggested that Cabinet heads might express to the Committee Chairmen their interest in being heard on the subject.

Chairman Young noted that Congress had just recently raised the pay of the Doorkeeper to $17,500 -- a situation to which Sec. Wilson expressed much dislike since that salary exceeded the pay of an Assistant Secretary of Defense. The President commented on the seeming lack of Congressional interest in doing anything about Executive Pay, although Congressional pay increases had been achieved in 1955. The Vice President believed Members of Congress generally ought to be better informed on the need for this bill.

The President concluded the discussion with brief remarks on the importance of the personal approach to Senators since they, like any other individual, had a human side.

Copies to:
Mrs. Whitman ✓
Mr. Rabb
Mr. Minnich

L. A. Minnich, Jr.

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RA - 56-51

April 28, 1956

The White House

Washington

THE CABINET

Record of Action

The following is the action taken on the items presented at the Cabinet Meeting of Friday, April 27, 1956:

1. Travel in Africa

ACTION:

The Cabinet noted the suggestion by the Secretary of State that, whenever feasible in their travel abroad, Cabinet Members should visit or travel through Africa, engaging in as many local official and social activities as time will permit.

2. Recommendations of the Interdepartmental Committee for the Study of Jurisdiction over Federal Areas Within the States — CP - 56-51

ACTION:

a) CP - 56-51 was approved, including the added recommendation that the Interdepartmental Committee be continued in order to complete the preparation of the appropriate legal text as Part II of the Report.

b) Appropriate consultation with the Congressional Leadership will be effected prior to the implementation of the recommendations in CP - 56-51.

3. Monthly Budget Report

Information Item Only.

4. Charges for Certain Government Services — CP - 56-49/1

ACTION:

a) CP - 56-49/1 was approved with the Implementation paragraph revised to provide for the establishment, without public announcement, of an appropriate interdepartmental committee.

CABINET PAPER

For Action

b) This Committee will be established in the near future, and is to carry on its work in strict confidence until further notice.

c) The Committee will report to the President through the Director of the Bureau of the Budget, and is to prepare recommendations for action, including legislation which could be submitted to the next session of the Congress.

ADDITIONAL ITEMS:

A. The Forthcoming Visit of Prime Minister Sukarno

ACTION:

1) The Cabinet noted the request of the Vice President that top-level attendance and participation should be assured for the appropriate occasions during the period of the Prime Minister's visit (May 16 - 19).

2) The Chairman of the Civil Service Commission will arrange for Government employees to be released to view the arrival procession.

3) The Deputy Assistant to the President will ascertain from the District Commissioners whether District schools can be dismissed in order to enable schoolchildren to view the arrival procession.

B. Status Report on Farm Legislation

Information Item Only.

C. New Unemployment Statistics

ACTION:

The Cabinet noted the announcement by the Secretary of Labor of the forthcoming initiation of a new monthly series of unemployment statistics which will provide significant new breakdowns, by various characteristics and categories, of the insured unemployed.

D. The Executive Pay Act

ACTION:

It was agreed that efforts to obtain action on this important legislation should be continued.

Maxwell M. Rabb
Secretary to the Cabinet

April 28, 1956

MEMORANDUM FOR GOVERNOR ADAMS

SUBJECT: Summary of the Cabinet Meeting of Friday, April 27, 1956

Friday, the Cabinet had a good, fast-moving 1 - 1/2 hour meeting in which the eight following subjects were covered:

Agenda Item 1 - Travel in Africa.

The Secretary of State asked Cabinet members to bear in mind the importance of visiting Africa and of making as wide as possible a circle of local official and social contacts. Africa does not know enough about America, and vice-versa, and the mere presence of an officer of Cabinet rank in this great and important continent will be of benefit to the United States. He stressed the importance of local, and non-European contacts. Mr. Lodge and the Vice President heartily seconded Mr. Dulles' remarks.

Agenda Item 2 - Jurisdiction over Federal Areas within the States. (CP - 56-51)

The Attorney General introduced Perry Morton, who made a cogent presentation of the recommendations of the Inderdepartmental Committee which has been studying this vexing problem for a year and a half. The problem, as you will recall, is the highly unsatisfactory federal-state jurisdictional relationship in the thousands of federally-owned areas all across the United States. For one hundred years, our federal agencies have been acquiring properties under nothing short of "exclusive legislative jurisdiction" (i.e., which means the exclusion of all state and local law) without regard to whether such complete jurisdiction is really necessary to carry out federal purposes. For the first time in history, a thorough review has been made of the facts and of the needs. The landholding agencies on the Committee now unanimously agree that the Federal Government should promptly decrease the degree of its jurisdiction in these areas -- and should in fact hold most of them on a simple title or "proprietorial" basis. The 126-page Committee Report, summarized in Cabinet Paper 56-51, recommends the enactment, this Session, of a Federal Statute authorizing Agency Heads to relinquish exclusive jurisdiction, and recommends that the States be encouraged to enact the uniform acceptance Statutes which are likewise necessary. The Committee Report recommends that GSA and Budget police compliance with this policy.

The President approved these recommendations but asked that General Persons arrange for consultation with the Leadership prior to the actual implementation of the Cabinet Paper. The Report was formally transmitted to the President; a Presidential letter to the Attorney General and a draft press release are awaiting the outcome of the meeting with the Leadership.

I reported Mr. Kestnbaum's comments to the Cabinet, having obtained them from him by telephone from Chicago; he concurs in the recommendations but feels that the States should be made the prime movers for stimulating Federal legislation on this subject -- in which they are all so interested. The President said he disagreed, pointing out that the Federal Government should itself take the initiative with this very creditable policy.

Agenda Item 3 - Monthly Budget Report.

Mr. Brundage gave a general report, without specific figures, of the 1956 and 1957 budget situation. Budget and Treasury feel that a 1956 surplus as large as 2 billion dollars is unlikely, but in any case should be applied to reducing the National debt. New, more accurate estimates should be available after May 21. He again expressed the hope that agencies would arrange their expenditures in such a way as to make as many as possible of them fall within FY 1956 rather than in FY 1957. With respect to FY 1958, he reminded the Cabinet that the Administration is again committed to a balanced budget, and that the President is committed to a reduction of taxes as soon as is possible.

Agenda Item 4 - Charges For Certain Government Services. (CP - 56-49/1)

Mr. Brundage introduced this Cabinet Paper, which he had prepared in conjunction with Mr. Kestnbaum. He cautioned against raising fees inadequately since such raises would only cause irration and would still not bring about solvency of the activity in question. He stressed that no recommendations should be made until the next Session of Congress but that the detailed review should start now. The Cabinet heartily agreed that this is no subject for public presentation this year. It was also the Cabinet's generally expressed feeling that Congressional authorization of or participation in a Commission would not necessarily guarantee effectiveness or smooth sailing. The President commented on the fact that Cabinet Committees enjoy a great prestige and make an effective instrumentality for preparing important policy recommendations. The Vice President agreed and indicated that Cabinet Committees have many important advantages over Congressional Commissions. It was, therefore, agreed that this review would be undertaken by the establishment of an appropriate level interdepartmental committee which would report to the President next year through the Director of the Bureau of the Budget. For political reasons, it was felt that the groundwork in this field must be done in strict confidence until after November.

ADDITIONAL ITEM A: The Visit of Prime Minister Sukarno.

The Vice President emphasized to all the importance of the forthcoming visit of President Sukarno and how essential it will be to have the entire Cabinet turn out for the appropriate occasions. The Secretary of State will identify these occasions in advance for Cabinet Members. Mr. Young was asked to have Government Workers released to see the arrival procession and General Persons was asked to check whether District School children could be dismissed, as seems to be the custom in so many other countries, to greet the distinguished visitor.

ADDITIONAL ITEM B: Reaction to the Farm Bill Veto.

Secretary Benson said his mail had been very light on the farm bill veto: 123 letters in all, of which 114 supported the veto. He said that editorial opinion throughout the country had almost unanimously supported the President. He spoke of the current situation on the Hill with respect to the authorization of advance payments, and the President inquired whether such payments could be made now under present authority. Mr. Benson said he doubted this.

ADDITIONAL ITEM C: **New Employment Statistics.**

Secretary Mitchell announced to the Cabinet that Labor would soon start to publish a monthly series of unemployment statistics which will give significant breakdowns of total insured unemployment. These long-needed breakdowns will, for instance, show that many of the unemployed are women, are single, and are not unemployed long (the average is 7 months). Mr. Mitchell pointed out that these breakdowns will provide the answer to false impressions that all of the unemployed are heads of starving families, etc.

ADDITIONAL ITEM D: **The Executive Pay Act.**

General Persons indicated that Congressional inaction has blocked this legislation. The Leadership on both sides seems to be remarkably unenthusiastic about getting this bill moving. There were some grim comments when Mr. Young reported that the House had just raised the salary of its Doorkeeper to $17,500 -- while an Assistant Secretary of Defense still only gets $15,000. Impressed with such a discouraging comparison, the President suggested that perhaps what was now needed was a Public Campaign and the Vice President seconded this with a suggestion for editorials and cartoons in leading Washington and New York papers. Chairman Young agreed to talk to Comptroller General Campbell -- the Vice President agreed to talk to Lyndon Johnson since it was felt that the Democratic Policy Committee was overriding any of Senator Olin Johnston's good intentions. The Vice President even suggested that the President might talk to Senator Johnston. The President commented that few of us realize how important in the eyes of Senators and Congressmen are luncheons and dinners and other meetings with Cabinet Officers.

Maxwell M. Rabb
Secretary to the Cabinet

THE WHITE HOUSE
WASHINGTON
April 24, 1956

MEMORANDUM FOR THE PRESIDENT

Subject: Tentative Agenda for the coming Cabinet Meeting

The following items have been tentatively scheduled, subject to your approval, for the Cabinet Meeting of Friday, April 27, 1956:

Item 1 - Travel in Africa — The Secretary of State

As you requested, Mr. Dulles will speak briefly about the desirability of increasing the number of good-will visits to Africa by U.S. officials.

PRESENTATION TIME: 5 Minutes

Item 2 - Jurisdiction Over Federal Areas Within the States — The Attorney General

In December, 1954, with your approval, the Attorney General organized an interdepartmental committee to review the vexing problem of the varying Federal/State jurisdictions in the hundreds of Federally owned areas throughout the country. This Committee, composed of the chief legal officers of the various land-holding Agencies, has, for the first time in recent history, given this problem a thorough review, and has produced a lengthy Report which if adopted will be a standard guideline in this complicated field. The Report and its recommendations have been summarized in a Cabinet Paper, and will be presented for the Cabinet's concurrence and your approval. Every Cabinet Department owns Federal property; each of them is concerned with these recommendations.

PRESENTATION TIME: 25 Minutes

Item 3 - Monthly Budget Report — The Director, Bureau of the Budget

As is agreed, this monthly report will be made to the Cabinet to alert you and the Department Heads to the "danger points" and areas of potential slippage.

PRESENTATION TIME: 10 Minutes

Item 4 - Charges for Certain Government Services — The Director, Bureau of the Budget

This Administration has consistently favored the general policy of charging the users for the cost of Government services from which they receive special benefits. In your 1957 Budget Message you said, "I firmly believe in the principle that Government services which give a special benefit to users should be financed by adequate charges paid by the users."

The Bureau of the Budget reports that the implementation of this policy, too, has met "opposition and obstacles." A new approach is required.

The new approach is a Cabinet Paper, prepared by Budget, in consultation with Mr. Kestnbaum, which sets forth this problem fully and recommends that the Cabinet and you approve one of two new alternatives:

a) Proposing the establishment, by legislation, of a Commission of distinguished citizens to review and make recommendations on fees for Government services.

b) Establishing and appointing a Public Advisory Committee for this purpose.

Since the problem affects activities of nearly every Department, and since either alternative will require Cabinet-wide support, this Cabinet Paper is being submitted for Cabinet consideration and your approval.

PRESENTATION TIME: 20 Minutes

Maxwell M. Rabb

Maxwell M. Rabb
Secretary to the Cabinet

THE WHITE HOUSE
WASHINGTON

April 27, 1956

MEMORANDUM FOR THE PRESIDENT

Secretary Benson is prepared to discuss very briefly the volume and the nature of the mail which he has received on the veto message.

While we have not listed the Secretary on the Agenda, it might be advisable to call upon him at the conclusion of the scheduled items for a brief discussion of that item.

Maxwell M. Rabb
Secretary to the Cabinet

Mr. President, Gentlemen:

I am happy that the Attorney General has indicated that I am not here to discuss real estate law. At least in the popular mind land titles are a pretty dry subject. At the outset therefore I wish to make it crystal clear that although the subject has land at the bottom of it we will be thinking together about problems of jurisdiction and governmental powers. We will be dealing with delicate issues of Federal-State relationships. We will be considering situations which vitally affect the lives and liberties of people.

Before even entering upon the discussion of some of the complex legal concepts I might give you just one of thousands of possible examples of the kinds of situations with which the Committee study has been concerned. Many a criminal has escaped justice because of complexities arising out of jurisdictional status. Here is a murder case in Montana: A soldier named Tully was convicted in a State court of first degree murder and was sentenced to be hanged. On appeal his conviction was reversed by the State Supreme Court on the ground that the State had no jurisdiction over the offense because it had occurred on Fort Missoula Military Reservation as to which the State Court found that the Federal Government had acquired exclusive jurisdiction. Tully was then promptly indicted in Federal Court, but he went scot free on a successful appeal that the State of Montana rather than the Federal Government had legislative jurisdiction over the particula specific, small, area of the reservation on which the murder had occurred. This example could be multiplied many thousands of times in the entire field of criminal law, running the gamut from minor traffic offenses to the major crimes of violence. But as we shall soon see, the problems are by no means limited to the criminal law. They include difficulties which run the scale of all aspects of the civil law as well.

It is well known that the Federal Government has legislative jurisdiction over the District of Columbia. It exercises such jurisdiction quite fully, furnishing for the District up-to-date laws and a system of government to administer them. This authority is based upon a provision of the Constitution which I will refer to as "Clause 17". In effect, this clause grants permission to the Federal Government to exercise at the seat of Government all that great body of governmental powers ordinarily reserved to the individual States and generally not possessed by the United States.

It is not nearly as well known that the United States has similar jurisdiction over several thousand other areas located in all of the 48 States, ranging all the way from small town Post Offices to immense military reservations. This is so because the very same clause of the Constitution says that the United States may have jurisdiction like that which it exercises over the District of Columbia in other areas which it acquires for various Federal purposes with ~~all~~ the consent of the States involved. This bundle of State-type governmental powers includes all legislative, executive and judicial function It is this kind of jurisdiction with which our Committee's study has been concerned.

These thousands of areas over which the United States has obtained exclusive jurisdiction have, for most practical purposes, been transformed into Federal "islands", sometimes called "enclaves", in the midst of the surrounding State territory. To the extent that the several States have by their own laws surrendered their jurisdiction to the Federal Government over federally owned areas, the States can no longer exercise any authority, except for the imposition of certain State income, sales, and gasoline taxes.

Many of the problems which have been exhaustively studied by the Committee arise from the fact that the Federal Government has not to any major extent exercised the legislative jurisdiction which it has acquired over these federalized areas other than the District of Columbia. The result is a substantial vacuum of both law and law enforcement. To illustrate, I need only remind you that there is no federal law of inheritance, probate, guardianship, marriage, or divorce. Residents of such areas are thus in many instances denied numerous civil and political rights and privileges, such as voting, public schooling, holding public office, public assistance, and access to courts for many purposes. If residents of the District of Columbia can be called "second class" citizens, the plight of the residents of these other areas is even worse.

On the breadth of the problems that arise out of the jurisdictional status of Federal properties, let me quote from a rather amusing communication received from the Veterans Administration:

> The subject matter of jurisdictional questions that from time to time have confronted the Veterans Administration ranges from prenatal care of a pregnant woman (with and without the benefit of matrimony) through birth, childhood, maturity, marriage and divorce, old-age, death, autopsy, burial, and the religious comforting of the survivors of the dead.

The communication goes on to say that the subject matter also embraces sundry collateral activities during the mentioned periods.

By no means should I be understood as indicating that the solution lies in having Congress pass laws on all of these subjects. On the contrary, as I shall try to develop in the next few minutes, the Committee's conclusion is that exclusive Federal jurisdiction should be surrendered in almost every instance, thereby removing the existing artificial barriers to the applicability of State laws.

At this point I wish to emphasize that this matter of Clause 17 jurisdiction has no relationship to the authority by which the United States acquires, owns, operates, or disposes of its properties. Such powers do not depend upon State consent. Parenthetically, the immunity of Federal property from State taxation is also a separate attribute of Federal sovereignty, not related to nor dependent upon Clause 17 jurisdiction.

The confusion arising out of the jurisdictional status of Federal properties would be bad enough if there were just the two clear cut types of jurisdiction, Federal or State; that is, exclusive Federal jurisdiction on the one hand, or no Federal jurisdiction of the Clause 17 type on the other hand. But it is even more complicated than that. For many years numerous States have been attaching conditions and reservations to their Statutes giving consent to Federal jurisdiction under Clause 17. Sometimes the States have retained to themselves certain kinds of powers - such, for example, as the taxation of private property or the control of alcoholic beverages - while granting to the United States all other powers. National Airport, just over the river, is an actual instance of reserved State control of alcohol. Such limited grants bring about what the Committee has chosen to call "partial" jurisdiction, and it is obvious that such situations are in countless variety. In still other instances the States have retained "concurrent" jurisdiction, by which we mean that while granting to the United States jurisdiction over Federal areas in all matters, the States have reserved the right to exercise the same jurisdiction concurrently with the United States. Consequently, in order to determine the rights of the United States, the State, or private parties upon any federalized area, it is necessary to determine first - and sometimes with great difficulty and uncertainty - what laws of which sovereign are applicable in the area. An interesting example of law enforcement confusion is the Washington-Baltimore expressway which at five places has segments running through areas under exclusive Federal jurisdiction with the balance held in concurrent jurisdiction with the State of Maryland. Maryland authorities have found it impossible to administer their criminal laws on this highway because of the difficulty of proving that a violation occurred on a part actually under their concurrent jurisdiction. There are many such highway problems all over the country.

A brief historical note will be helpful in understanding how the presently rather chaotic situation has come about. The constitutional provision which I have mentioned as Clause 17 was not uniformly exercised during the first 50 years. Not until 1841 was it implemented by any general Federal statute. An Act of Congress passed that year grew out of a title dispute between the United States and the State of New York. It was not a jurisdictional dispute. Presumably, however, to avoid repetition of such incidents, the Act of 1841 prohibited the future expenditure of federal money for improvements on any land until the State in which the land was located had consented. The result was that in order to get any new federal construction within their borders most of the States passed general consent statutes - and obviously in many cases the consent was obtained by shotgun methods. These statutes had the effect of supplying the consent ingredient of Clause 17, thereby automatically vesting exclusive jurisdiction in the United States the moment it acquired any land whether or not such jurisdiction was wanted or needed. Not until 1940 was this Act of 1841 amended so as to eliminate the requirement for the granting of exclusive jurisdiction to the United States, substituting a discretionary authority in Federal agency heads to procure jurisdiction from the States when, and to the extent they deemed necessary. Nevertheless, the practices related to the assumption of exclusive jurisdiction during the 100 years prior to 1940 have persisted, largely as a result of what I choose to call bureaucratic habit, and without any very clear understanding of the actual needs or consequences.

Indeed, as the Committee first set about its task, a considerable number of the departments and agencies held the view that exclusive Federal jurisdiction over their properties was in all cases desireable. In most instances the federal administrators were unquestionably confusing the powers held under the Clause 17 type of jurisdiction with other entirely adequate constitutional powers for the carrying out of Federal functions, free from State or local interference. One of the rather surprising findings of the Committee is the large extent to which the Federal Government owns properties as to which it possesses none of the Clause 17 type of jurisdiction, but on which it is nevertheless fully and effectively able to perform its Federal functions, including all necessary measures for the protection and security of both property and personnel. For example, it came as quite a surprise to the Navy that more than half of its properties were held without any Clause 17 jurisdiction at all. It was also a rather awakening discovery to learn that, with negligible exceptions, all of the properties used by the Atomic Energy Commission for its extremely sensitive operations are held without any Clause 17 jurisdiction whatever. Favorable experience of the Atomic Energy Commission has proven as a practical matter what the Committee concluded as a matter of law: that habit-formed beliefs as to the necessity or desireability of Clause 17 jurisdiction are in the most part unfounded myth. If the Committee's work has accomplished no more than to bring about a broad reexamination of the entire matter in the minds of responsible Federal officials, it has been worth the time and effort.

And it was indeed a broad reexamination. The Committee has worked intensively on the study for more than 16 months. Great stacks of factual data have been assembled through the participation of 33 agencies of the Federal Government, the Attorneys General of the several States, and various other Federal and State representatives. All this vast amount of material has been distilled and re-distilled, until it is now presented to you, Mr. President, in the almost irreducable space of this 126 page basic Report with the Committee's unanimous conclusions and recommendations.

The Committee's Report deals at great length with the relative advantages and disadvantages of the various jurisdictional situations. Generally speaking, the only actual advantages of exclusive Federal jurisdiction are:

First, the immunity of privately owned property on Federal areas from local property taxes; and Second, the indirect benefits - if they can be called benefits - to the Federal Government resulting from the freedom of its contractors, concessionnaires, licensees and suppliers from the exercise by State Governments of certain regulatory powers for the control of alcoholic beverages, bingo games, gambling, and the price of milk. Even these supposed Federal advantages have seemed to the Committee to be of little benefit to the United States itself, and in any event they are quite naturally the source of frequent irritations to the States.

Against the few indirect advantages, if they are such, the disadvantages of exclusive jurisdiction loom in large proportion. I have already alluded to many of the disadvantages which disrupt the usual relations between a State and residents within its borders, resulting in rather constant friction between the Federal Government and the States and between the States and the residents of the areas. The United States and the area residents also are deprived of services ordinarily rendered by States and in many cases the United States must supply for such areas services which the States are better equipped to render, especially on the smaller installations. Fire and police protection, and garbage disposal are examples.

Another serious disadvantage of exclusive jurisdiction arises out of the fact that the law controlling the ordinary relations of persons with each other is that which was in effect in the particular State when the jurisdiction of an area was transferred to the Federal Government. State law existing at the time of the transfer continues in effect as the Federal law for the area under a principle of international law that when one sovereign takes over territory of another the laws of the original sovereign continue in effect until changed by the succeeding sovereign. While State authority to legislate terminates at the time of transfer of jurisdiction, the Federal Government has never attempted to maintain an up to date civil code for the federalized areas. Thus, the civil law applicable to areas under exclusive jurisdiction becomes static and eventually obsolete, leading to many strange results.

On balancing advantages against disadvantages, the Committee came to the inescapable conclusion that Federal exercise of the Clause 17 type of jurisdiction generally is undesireable for all concerned, and that the jurisdictional status of Federal properties is in need of major adjustment, predominately in the direction of less jurisdiction in the United States.

The Committee's unanimous recommendations are briefly outlined in the Cabinet Paper and to a considerable extent speak for themselves. The most important is the proposal of a Federal statute authorizing Department and agency heads to relinquish unnecessary jurisdiction to the States. Existing law defines how jurisdiction may be acquired, but it makes no provision for relinquishing jurisdiction once acquired. To be effective in most cases, however, the Federal relinquishment statute would have to be complemented by appropriate State legislation providing for acceptance of relinquishments. For this purpose the Report contains suggested uniform State laws, which the Committee feels are such as to appeal to the States.

Assuming Mr. President, and gentlemen, your concurrence in the Committee's recommendations it is suggested that certain particular actions be taken as soon as possible:

1. The Attorney General should be directed to transmit copies of the Committee's basic report to the President of the Senate and the Speaker of the House as a means of initiating Congressional consideration of the

proposed Federal legislation.

2. The Attorney General, through the Committee, should bring the Committee's Report and recommendations to the attention of the appropriate State officials for their consideration of suggested state legislation. The Committee has already established excellent working arrangements with the Secretariat of the Council of State Governments and this may well be the appropriate medium for transmission.

3. The Committee should be authorized to distribute copies of its basic Report as widely as possible among the Federal executive departments and agencies having administration of real properties and they should be guided by it in their future dealings with the subject.

4. The General Services Administration should be requested to provide the mechanism for a central source of information on the jurisdictional status of individual Federal properties in connection with its regular inventorying of real property.

5. The Bureau of the Budget, the General Services Administration, and the Department of Justice should maintain a continuing and concerted interest in the progress made by Federal agencies in adjusting the status of their properties in conformity with the recommendations made in the Report.

6. The Interdepartmental Committee should be continued for the purpose of completing the preparation and distribution of a text of the law which is proposed to constitute Part II of the Committee's Report, and which is sorely needed to fill an existing gap in legal bibliography.

Mr. President, there has been prepared for your consideration a draft of a letter to the Attorney General as set out in Annex A of the Cabinet Paper, and I believe that Mr. Rabb has such letter in hand for subsequent presentation for your signature.

I do not pretend to be an oracle of all knowledge on this subject, but if there are questions, I shall undertake to answer them to the best of my ability.

CABINET PAPER—PRIVILEGED
Property of the White House—For Authorized Persons Only

CP - 56-51
April 21, 1956

The White House
Washington

THE CABINET

Recommendations of the Interdepartmental Committee for the Study of Jurisdiction over Federal Areas within the States

For consideration by the Cabinet, attached is a paper prepared by the Attorney General.

This paper is a summary of the background, existing situation, conclusions and recommendations set forth in the Report of the above-named Committee, chaired by the Honorable Perry W. Morton, Assistant Attorney General. The basic Report itself, of 126 pages, is available in the member agencies (see Annex B) and to other Cabinet Departments who may request it from the Department of Justice.

The concurrence of the Cabinet and the approval of the President are sought for the conclusions and recommendations of the attached paper.

Maxwell M. Rabb
Secretary to the Cabinet

CABINET PAPER
For Consideration

CABINET PAPER—PRIVILEGED CP - 56-51

Property of the White House—For Authorized Persons Only April 21, 1956

THE CABINET

Recommendations of the Interdepartmental Committee for the Study of Jurisdiction over Federal Areas within the States

BACKGROUND:

This Interdepartmental Committee was organized on the recommendation of the Attorney General, approved by the President and the Cabinet, that a study be undertaken with a view toward resolving problems arising out of the jurisdictional status of federally owned areas within the several States. The problems relate to law enforcement, taxation, the right to vote or hold elective office, education for children, fire protection, uncertainty as to applicable civil laws, marriage and divorce, and many other matters.

In its basic Report the Committee presents, in a greatly condensed form, the tremendous mass of information which it accumulated and analyzed in the course of its study of the hitherto relatively unexplored subject of legislative jurisdiction, and sets out conclusions drawn from this information. Also, it makes recommendations for changes in Federal agency practices, and for Federal and State legislation, designed to eliminate or minimize existing problems arising in this field.

EXISTING SITUATION:

Article I, Section 8, Clause 17, of the Constitution provides, in essence, that the Federal Government shall hve the power to exercise exclusive legislative jurisdiction over all places acquired by the Government, with the consent of the State involved, for Federal purposes (hereafter referred to as "Clause 17 jurisdiction").

This discretionary power relates to the taking over by the Federal Government of all the governmental functions and authority, executive and judicial as well as legislative, ordinarily exercised by individual States. When the power is exercised it forms a Federal "island," or enclave, surrounded by State territory. It should be noted that this Clause 17 jurisdiction is in no way related to Federal authority to acquire property (by condemnation or otherwise), to perform any Federal functions upon property, or to control or protect Federal property, but is a power separate and apart from all these. Nor is it related to State taxation of Federal property, the innunity of such property from taxation being a separate attribute of Federal sovereignty.

It has been a frequent practice of nearly all Government agencies to obtain exclusive legislative jurisdiction over properties acquired for their purposes. In States where there is appropriate legislative authority some Federal agencies have acquired jurisdiction concurrent with jurisdiction retained by the State, so that while the Federal Government can exercise all the State powers in an area which is in this status, the State loses none of its usual authority over the area not inconsistent with the carrying out of the Federal functions. All Federal agenices also have a great deal of experience with carrying on their operations on areas over which the Government possesses absolutely none of the Clause 17 jurisdiction (example: the major installations of the Atomic Energy Commission).

CONCLUSIONS:

During the Committee's study, landholding agencies of the Federal Government controlling more than 90% of Federal real property agreed that the vesting of exclusive legislative jurisdiction in the United States is undesirable with respect to properties under their supervision, and that at most a concurrent jurisdiction in the United States and the States, is desirable, and then only in a few instances. Nearly all of these agencies have properties in an exclusive jurisdiction status, having assumed prior to this study that such a status was desirable. In general, the Committee concludes that agencies of the Federal Government have ample authority in most instances for the carrying out of their constitutional functions upon Federal lands without resort to any Clause 17 jurisdiction, and that in the usual case there is an increasing preponderance of advantages over disadvantages to all concerned as the degree of legislative jurisdiction in the United States decreases.

It is of considerable interest that the Committee Report reflects, among Attorneys General of the several States, the existence of resentment to the exercise by the Federal Government of legislative jurisdiction over areas within their respective States. This resentment is obviously shared by other State officials, in view of a tendency by States in recent years against granting of exclusive jurisdiction to the Federal Government.

The Committee's study disclosed that the constitutional provision for the exercise of legislative jurisdiction by the Federal Government over Federal areas in the States was adopted without serious discussion, that it was not uniformly exercised during the first 50 years of the existence of the United States, and that acquisition of exclusive legislative jurisdiction was made mandatory in 1841 with respect to properties acquired for most Federal purposes through an accidental phrasing of an Act of Congress which was intended only to eliminate disputes between States and the Federal Government over title to, not jurisdiction over, Federal properties. While the Federal statute involved was amended in 1940 to make the acquisition of legislative jurisdiction permissive, instead of mandatory, practices of the Federal agencies of acquiring exclusive jurisdiction which were established during the intervening 100 year period have persisted.

The Committee finds that the legislative jurisdictional status of Federal installations is in need of major adjustment, predominantly in the direction of less jurisdiction in the United States. However, there is neither Federal nor State statutory authority for many of the necessary adjustments.

RECOMMENDATIONS:

The Committee recommends:

I. Legislation:

A. A Federal statute should be sought at this session of Congress authorizing agency heads to relinquish unnecessary jurisdiction (Report pp. 68-69).

(Existing Federal law provides for acquisition of jurisdiction with State consent. But there is no authority for relinquishing jurisdiction once acquired except where disposition is made of the property.)

B. The suggestion should be made to the States that it would be helpful for them to enact uniform State laws under which jurisdiction may be acquired or relinquished by the Federal Government (Report pp. 69, 73-76).

(State laws consenting to acquisition of Federal jurisdiction are in chaotic lack of uniformity. General State laws for acceptance of Federal relinquishments of jurisdiction are almost nonexistent.)

C. A Federal statute should be sought at this session of Congress granting to the heads of all land management agencies of authority, now possessed by only a few agencies (Interior, Agriculture, and General Services Administration) to make rules and regulations for the policing of Federal property under their control (Report pp. 69-71).

(This will provide a means for combatting the commission of nuisances and malicious mischief on Federal property which most agencies now have no adequate way of controlling.)

D. A Federal statute should be sought at this session of Congress extending the authority now had by the Administrator of General Services to vest police power in guards for exercise on areas under Federal legislative jurisdiction so that it may be exercised also on any Federal property without reference to its jurisdictional status (Report pp. 70-72).

(The present statutory limitation is unnecessarily restrictive. While more than 90% of General Services Administration property is now under the exclusive jurisdiction of the Federal Government, the General Services Administration agrees that this status is undesirable for its properties, and that with appropriate amendment of its police-power statute to provide for necessary policing, it would be desirable to relinquish legislative jurisdiction over these properties to the States. In view of existing authority of the General Services Administration, which would be continued, to provide guard service on property controlled by other agencies, the amendment would make it possible for such other agencies to avoid the acquisition of jurisdiction.)

E. Certain other minor Federal statutes should be repealed or amended. (Report pp. 72-73).

(These statutes, which are all related to Clause 17 jurisdiction, are now obsolete.)

II. The President should request the Attorney General to bring the Committee's Report and recommendations to the attention of the President of the Senate and the Speaker of the House of Representatives for consideration of the Federal legislative proposals involved, to the attention of State officials through established channels for consideration of the State legislative proposals, and to the attention of heads of Federal agencies for their guidance in connection with matters relating to legislative jurisdiction. (A draft letter for the President's signature is attached as Annex A.)

III. The Attorney General should give as wide as possible a distribution of the Committee's Report among officials, Federal and State, who have occasion to be concerned with jurisdictional problems arising with respect to Federal real property, with a view to clearing up present misconceptions among such officials which give rise to many misunderstandings and disputes which do injury to Federal-State relations.

IV. In order to provide a central source of information on the jurisdictional status of individual Federal properties, the General Services Administration should bring together such information in its regular inventorying of real property.

V. The Bureau of the Budget and the General Services Administration, together with the Department of Justice, should maintain a continuing and concerted interest in the progress made by Federal agencies in adjusting the status of their properties in conformity with recommendations made in the Report.

CONCURRENCES:

The Members of the Interdepartmental Committee for the Study of Jurisdiction Over Federal Areas within the States (see Annex B).

ANNEX A

[Suggested text of letter from President to Attorney General]

I am herewith returning to you, so that it may be published and receive the widest possible distribution among those interested in Federal real property matters, Part I of the Report of the Interdepartmental Committee for the Study of Jurisdiction over Federal Areas within the States. I am impressed by the well planned effort which went into the study underlying this Report and by the soundness of the recommendations which the Report makes.

It would seem particularly desirable that the Report be brought to the attention of the Federal administrators of real properties, who should be guided by it in matters related to legislative jurisdiction, and to the President of the Senate, the Speaker of the House of Representatives, and appropriate State officials, for their consideration of necessary legislation. I hope that you will see to this. I hope, also, that the General Services Administration will establish as soon as may be possible a central source of information concerning the legislative jurisdictional status of Federal properties and that that Agency, with the Bureau of the Budget and the Department of Justice, will maintain a continuing and concerted interest in the progress made by all Federal agencies in adjusting the status of their properties in conformity with the recommendations made in the Report.

The members of the Committee and the other officials, Federal and State, who participated in the study, have my appreciation and congratulations on this Report. I hope they will continue their good efforts so that the text of the law on the subject of legislative jurisdiction which is planned as a supplement will issue as soon as possible.

ANNEX B

The following persons constitute the membership of the Interdepartmental Committee for the Study of Jurisdiction over Federal Areas within the States:

Perry W. Morton, Assistant Attorney General (Chairman)
Mansfield D. Sprague*, General Counsel, Department of Defense (Vice Chairman)
Maxwell H. Elliott, General Counsel, General Services Administration (Secretary)
Arthur B. Focke, Legal Advisor, Bureau of the Budget
J. Reuel Armstrong, Solicitor, Department of the Interior
Robert L. Farrington, General Counsel, Department of Agriculture
Parke M. Banta, General Counsel, Department of Health, Education, and Welfare
Edward E. Odom**, General Counsel, Veterans' Administration

*Succeeded Wilber M. Brucker on October 13, 1955
**Retired effective March 1, 1956

ARCHIVAL BOND
25% COTTON

CP - 56-51/1

May 7, 1956

The White House

Washington

THE CABINET

Recommendations of the Interdepartmental Committee for the Study of Jurisdiction over Federal Areas Within the States

The attached approved paper is circulated for action by the Department of Justice, the General Services Administration and the Bureau of the Budget, and for the information of the other Members of the Cabinet and of Agencies affected.

This paper, as revised, was approved by the President at the Cabinet Meeting of April 27, 1956 (RA - 56-51, Item 2). The action called for in paragraph 2-b of RA - 56-51 was completed on May 1, 1956.

Annex A to this Paper is the full text of the Letter of April 27, 1956 which the President sent to the Attorney General. Annex B is the White House Press Release of this date, and lists the Membership of the Interdepartmental Committee.

Implementation of Recommendations II-VI will now go forward as specified on page 4 of the attached Paper.

Maxwell M. Rabb
Secretary to the Cabinet

CP - 56-51/1
May 7, 1956

THE CABINET

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II. The President should request the Attorney General to bring the Committee's Report and recommendations to the attention of the President of the Senate and the Speaker of the House of Representatives for consideration of the Federal legislative proposals involved, to the attention of State officials through established channels for consideration of the State legislative proposals, and to the attention of heads of Federal agencies for their guidance in connection with matters relating to legislative jurisdiction. (A letter for the President's signature is attached as Annex A.)

III. The Attorney General should give as wide as possible a distribution of the Committee's Report among officials, Federal and State, who have occasion to be concerned with jurisdictional problems arising with respect to Federal real property, with a view to clearing up present misconceptions among such officials which give rise to many misunderstandings and disputes which do injury to Federal-State relations.

IV. In order to provide a central source of information on the jurisdictional status of individual Federal properties, the General Services Administration should bring together such information in its regular inventorying of real property.

V. The Bureau of the Budget and the General Services Administration, together with the Department of Justice, should maintain a continuing and concerted interest in the progress made by Federal agencies in adjusting the status of their properties in conformity with recommendations made in the Report.

VI. The Interdepartmental Committee should be continued in order that an appropriate legal text may be prepared and issued as Part II of the basic Report.

CONCURRENCES:

The Members of the Interdepartmental Committee for the Study of Jurisdiction Over Federal Areas within the States (see Annex B).

ANNEX A

April 27, 1956

/Text of the letter from the President
to the Attorney General/

Dear Mr. Attorney General:

I am herewith returning to you, so that it may be published and receive the widest possible distribution among those interested in Federal real property matters, Part I of the Report of the Interdepartmental Committee for the Study of Jurisdiction over Federal Areas within the States. I am impressed by the well planned effort which went into the study underlying this Report and by the soundness of the recommendations which the Report makes.

It would seem particularly desirable that the Report be brought to the attention of the Federal administrators of real properties, who should be guided by it in matters related to legislative jurisdiction, and to the President of the Senate, the Speaker of the House of Representatives, and appropriate State officials, for their consideration of necessary legislation. I hope that you will see to this. I hope, also, that the General Services Administration will establish as soon as may be possible a central source of information concerning the legislative jurisdictional status of Federal properties and that that Agency, with the Bureau of the Budget and the Department of Justice, will maintain a continuing and concerted interest in the progress made by all Federal agencies in adjusting the status of their properties in conformity with the recommendations made in the Report.

The members of the Committee and the other officials, Federal and State, who participated in the study, have my appreciation and congratulations on this Report. I hope they will continue their good efforts so that the text of the law on the subject of legislative jurisdiction which is planned as a supplement will issue as soon as possible.

Sincerely,

DWIGHT D. EISENHOWER

FOR RELEASE IN MORNING PAPERS, MONDAY, MAY 7, 1956

JAMES C. HAGERTY, PRESS SECRETARY TO THE PRESIDENT

- -

THE WHITE HOUSE

The President received the report of an Interdepartmental Committee recommending that state and local laws be made applicable, so far as possible without interference with Federal interests and responsibilities, in many federally-owned land areas.

These recommendations would affect those areas scattered through all forty-eight states where present Federal control derives from consent originally given by the states. The policy would be carried out as rapidly as enabling legislation can be passed by the Congress and state legislatures.

At present, many Federal properties, such as post offices, hospitals, national parks, and similar installations, are under exclusive Federal jurisdiction, comparable to the District of Columbia, but lack the independent administrative and legal structure of the District. The result has been serious confusion as to laws applicable in federalized areas, and frequent deprivation of rights and privileges of the residents.

An immediate result of the new policy, without requirement for any legislation, will be that in most future land acquisitions by the Federal Government the authority of State and local governments will not be disturbed.

The report was presented to the President by Attorney General Herbert Brownell, Jr. Assistant Attorney General Perry W. Morton, in charge of the Justice Department's Lands Division, is Chairman of the Interdepartmental Committee for the Study of Jurisdiction over Federal Areas within the States. The Committee, composed of representatives of the principal land-holding agencies of the Federal Government, worked for 16 months on the report, with assistance from 33 Federal agencies, the Attorney Generals of the States, and many Federal and State officials.

The President said in a letter to the Attorney General today: "I am impressed by the well planned effort which went into the study underlying this Report and by the soundness of the recommendations which the Report makes."

The President also asked that the Report be brought to the attention of the Federal administrators of real properties for guidance and to the appropriate leaders of the Congress for their consideration of necessary legislation.

Examples of what full implementation of the policy may accomplish are:

1. Civilian employees of the Government and members of their families living on Federal installations now under the exclusive jurisdiction of the United States, numbering several hundred thousand persons, will be enabled to qualify as residents of the States in which the installations are located for voting, service on juries, public schooling, access to courts in probate, divorce, and similar matters.

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2. State laws and law enforcement authority will be applicable in Federal areas, permitting State or local prosecution of crimes committed in the areas. Existing confusion as to whether the Federal or State Government has jurisdiction will be eliminated. Such confusion in at least one case enabled a person to escape punishment for murder after being convicted and sentenced in a Montana court. The defendant, on appeal, established that the military reservation on which the crime had been committed was under exclusive Federal jurisdiction; then, when indicted in Federal court, he went scot-free when the Federal Court of Appeals decided that the particular small portion of the reservation where the crime was committed continued solely under State jurisdiction.

3. State fishing and hunting laws generally will be enforceable by State authorities, eliminating difficulties over hunting on Federal areas such as have occurred recently in New Mexico, Texas, and elsewhere.

4. Existing inability of States to enforce traffic and other laws on various Federal highways such as the Baltimore-Washington Parkway in Maryland, the parkway abutting Ft. Leavenworth in Kansas, and many others will be eliminated.

5. Laws of the States also will be applicable in Federal areas, including laws relating to such matters as minimum prices for milk, and alcoholic beverage controls, and State and local laws imposing private property taxes. These laws will not be applicable directly on the Federal Government, however, but only on civilian residents on Federal property and others such as Government suppliers, contractors, and concessionaires. The Committee proposals would not in any way change the control presently exercised over armed services personnel pursuant to the Code of Military Justice, nor any benefits available under the Soldiers and Sailors Civil Relief Act.

It was reported by the Committee that in acquiring land for post offices, military installations, national parks, veterans hospitals, and many similar purposes, the Federal Government frequently, although not always, has acquired over the land, under the Federal Constitution and Federal and State statutes, jurisdiction like that which it exercises over the District of Columbia. Over a period of years this has resulted in the creation of numerous federalized areas in every State of the Union, to a total of several thousand in the 48 States. State and local governments lose their authority over these areas, residents of the areas lose the right to the many privileges and services customarily made available by State and local governments to their inhabitants, and the areas in many other respects become Federal "islands" surrounded by State territory.

The Committee's report points out that the Federal Government has enacted very few laws for these areas. The laws in effect in them differ widely and are often obsolete since generally they are the same laws which were in effect at the time of federalization of individual areas. Also, the Federal Government usually does not furnish for the areas the governmental machinery necessary to give effect to many laws which are basic to modern community living. While criminal laws of the surrounding State have been adopted for these areas, investigation and prosecution under these laws presently must be by Federal authorities.

Factual and legal information furnished to the Committee by State Attorneys General, Federal agencies, and others, disclosed that many problems and Federal-State disputes arise out of Federal exercise of this type of jurisdiction.

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A Committee analysis of operations of individual Federal agencies further disclosed that except in a very few instances, and contrary to widely held belief, agencies have ample constitutional and statutory authority for conducting their operations fully and effectively without the exercise of the special type of jurisdiction which was the subject of the Committee's study. The Committee recommendation is that the Federal Government acquire this jurisdiction only in instances where it is necessary that the Government render the basic law enforcement services ordinarily rendered by State and local governments, and that even in such cases it exercise this jurisdiction only concurrently with the States.

The Committee's recommendations can be put into effect immediately with respect to most properties acquired by the Federal Government in the future. Federal and State legislation, which has been suggested by the Committee, will be necessary for the relinquishment to the States of jurisdiction over properties now had by the Federal Government and for the acquisition of concurrent jurisdiction in some cases.

The report submitted to the President has the unanimous endorsement of the representatives of the major Federal land-holding agencies and the Bureau of the Budget, all of which have representation on the Committee. The Committee is composed of the following persons:

Perry W. Morton, Assistant Attorney General (Chairman)
Mansfield D. Sprague*, General Counsel Department of Defense (Vice Chairman)
Maxwell H. Elliott, General Counsel, General Services Administration (Secretary)
Arthur B. Focke, Legal Advisor, Bureau of the Budget
J. Reuel Armstrong, Solicitor, Department of the Interior
Robert L. Farrington, General Counsel, Department of Agriculture
Parke M. Banta, General Counsel, Department of Health, Education, and Welfare
Edward E. Odom**, General Counsel, Veterans' Administration

*Succeeded Wilber M. Brucker on October 13, 1955
**Retired as General Counsel effective March 1, 1956

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JURISDICTION OVER FEDERAL AREAS
WITHIN THE STATES

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REPORT OF THE
INTERDEPARTMENTAL COMMITTEE
FOR THE STUDY OF
JURISDICTION OVER FEDERAL AREAS
WITHIN THE STATES

PART I

THE FACTS
AND
COMMITTEE RECOMMENDATIONS

Submitted to the Attorney General
and Transmitted to the President
April - 1956

INTERDEPARTMENTAL COMMITTEE FOR THE STUDY OF JURISDICTION OVER FEDERAL AREAS WITHIN THE STATES

Perry W. Morton, Assistant Attorney General (Chairman)
Mansfield D. Sprague*, General Counsel, Department of Defense (Vice Chairman)
Maxwell H. Elliott, General Counsel, General Services Administration (Secretary)
Arthur B. Focke, Legal Advisor, Bureau of the Budget
J. Reuel Armstrong, Solicitor, Department of the Interior
Robert L. Farrington, General Counsel, Department of Agriculture
Parke M. Banta, General Counsel, Department of Health, Education, and Welfare
Edward E. Odom**, General Counsel, Veterans' Administration

*Succeeded Wilber M. Brucker on October 13, 1955
**Retired as General Counsel effective March 1, 1956

Staff Director - Edward S. Lazowska
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Helen Buckley - Tax Division
Thomas A. Pace - Criminal Division
Calvin W. Derrenger - Office of Deputy Attorney General
Alice Miller - Internal Security Division
Charles S. Sullivan - Antitrust Division
Clare Lund - Lands Division
Alice B. Bright - Lands Division

Department of Defense
George D. Heisser
Fred Fialkow
John Dailey, Jr.
Basil S. Norris

Bernard M. Newburg - Department of the Interior
Mary L. Gardner - General Services Administration
R. B. White - Veterans' Administration
Helen Bowman - Department of Health, Education, and Welfare

LETTER OF SUBMISSION

Interdepartmental Committee for the Study of
Jurisdiction over Federal Areas within the States

April 25, 1956

Dear Mr. Attorney General:

The Committee has completed its studies of the factual aspects of legislative jurisdiction over Federal areas within the several States, and of the Federal and State laws relating thereto, and herewith submits for your consideration and for transmission to the President its report subtitled "Part I, The Facts and Committee Recommendations."

Part II of the Committee's report will be completed within the next several months. It will be a text of the law on the subject of legislative jurisdiction, particularly covering judicial decisions and rulings of legal officers of administrative agencies concerning the subject. It is the view of the Committee that the two mentioned parts of the report are sufficiently different in their contents and purposes that they may issue separately.

Respectfully submitted,

PERRY W. MORTON
Assistant Attorney General (Chairman)

Mansfield D. Sprague, General Counsel
Department of Defense (Vice Chairman)

Maxwell H. Elliott, General Counsel
General Services Administration (Secretary)

Arthur B. Focke, Legal Advisor
Bureau of the Budget

J. Reuel Armstrong, Solicitor
Department of the Interior

Robert L. Farrington, General Counsel
Department of Agriculture

Parke M. Banta, General Counsel
Department of Health, Education, and Welfare

Edward E. Odom, Retired as General Counsel
Veterans Administration

LETTER OF TRANSMITTAL

Office of the Attorney General

April 27, 1956

Dear Mr. President:

On my recommendation, and with your approval, there was organized on December 15, 1954, an interdepartmental committee to study problems of jurisdiction related to federally owned property within the States.

This committee has labored diligently during the ensuing period and now has produced a factual report (Part I), together with recommendations for changes in Federal agency practices, and in Federal and State laws, designed to eliminate existing problems arising out of Federal-State jurisdictional situations.

Subject to your approval, I shall bring the report and recommendations to the attention of the President of the Senate and the Speaker of the House of Representatives for the purpose of bringing about consideration of the Federal legislative proposals involved, to the attention of State officials through established channels for consideration of the State legislative proposals involved, and to the attention of heads of Federal Departments and agencies, for their guidance in matters relating to this subject.

Part II of the Committee's report is now in course of preparation and will be completed in the next several months. It will be a text which will discuss the law applicable to Federal jurisdiction over land owned in the States. Immediately upon completion of the legal text it will be sent to you. The Committee is of the view, in which I concur, that the two parts of the report are sufficiently different in content and purpose that they may issue separately.

Respectfully,

Attorney General

The President
The White House

PREFACE

The Interdepartmental Committee was formed on December 15, 1954, on the recommendation of the Attorney General, approved by the President and the Cabinet, that a study be undertaken with a view toward resolving problems arising out of the jurisdictional status of federally owned areas within the several States, and that in the first instance this study be conducted by a committee of representatives of eight certain departments and agencies of the Federal Government which have a principal interest in such problems. The Bureau of the Budget, the Departments of Defense, Justice, Interior, Agriculture, and Health, Education, and Welfare, the General Services Administration, and the Veterans Administration are directly represented on the Committee, the Department of Justice through the Assistant Attorney General in charge of the Lands Division of that Department, and each of the other agencies through its General Counsel, Solicitor, or Legal Advisor. The Committee staff was assembled by detail, for varying periods, of personnel from the member agencies.

Twenty-five other agencies of the Federal Government furnished to the Committee information concerning their properties and concerning problems relating to legislative jurisdiction, without which information the study would not have been possible. The agencies, other than those represented on the Committee, which participated in this manner are:

Department of State
Department of the Treasury
Post Office Department
Department of Commerce
Department of Labor
Arlington Memorial Amphitheatre Commission
Atomic Energy Commission
Central Intelligence Agency
Civil Aeronautics Board
Farm Credit Administration
Federal Civil Defense Administration
Federal Communications Commission
Federal Power Commission
General Accounting Office
Housing and Home Finance Agency
International Boundary and Water Commission, U.S. and Mexico
Library of Congress
National Advisory Committee for Aeronautics
Office of Defense Mobilization
Railroad Retirement Board
Rubber Producing Facilities Disposal Commission
Saint Lawrence Seaway Development Corporation
Small Business Administration
Tennessee Valley Authority
United States Information Agency

Acknowledgment is gratefully made by the Interdepartmental Committee of the cooperation and assistance rendered in this study by the National Association of Attorneys General and its presidents during the period of the Study, C. William O'Neill of Ohio (1954-55), and John Ben Sheppard of Texas (1955-56), by Herbert L. Wiltsee of the Association's secretariat, and by the Association's members, the Attorneys General of the several States, who have very generously contributed information and advice in connection with the study in accordance with the following resolution of the Association:

> WHEREAS the matter of legislative jurisdiction over Federal areas within the States has become the subject of extensive examination by an interdepartmental committee within the Executive branch of the Federal establishment, by order of the President of the United States; and
>
> WHEREAS this matter is of interest to the several States, within whose borders an aggregate of more than 20 percent of the total land area is now owned by the Federal Government, and the effects of this ownership has resulted in an extremely diverse pattern of jurisdictional status and attendant questions as to the respective Federal and State governmental responsibilities; and
>
> WHEREAS this interdepartmental committee, under the chairmanship of United States Assistant Attorney General Perry W. Morton, and with the approval of the Executive Committee of this Association, has requested the Attorneys General of the several states to cooperate in the assembling of pertinent information and legal research;
>
> NOW THEREFORE BE IT RESOLVED by the forty-ninth Annual Meeting of the National Association of Attorneys General that this Association expresses its interest in the survey thus being undertaken, and the Association urges all of its members to cooperate as completely and expeditiously as possible in providing the interdepartmental committee with needed information; and
>
> BE IT FURTHER RESOLVED that the interdepartmental committee is requested to discuss its findings with the several Attorneys General with the view to obtaining as wide concurrence as possible in the preliminary and final conclusions which may be reported by the committee.

September, 1955

STATE ATTORNEYS GENERAL

John M. Patterson-Alabama
Robert Morrison-Arizona
T. J. Gentry-Arkansas
Edmund G. Brown-California
Duke W. Dunbar-Colorado
Latham Castle-Illinois
Edwin K. Steers-Indiana

John J. Bracken-Connecticut
Joseph Donald Craven-Delaware
Richard W. Ervin-Florida
Eugene Cook-Georgia
Graydon W. Smith-Idaho
Wm. B. Rodman-North Carolina
Leslie R. Bergum-North Dakota

Dayton Countryman-Iowa
Harold R. Fatzer-Kansas
J.D. Buckman, Jr.-Kentucky
Fred S. LeBlanc-Louisiana
Frank F. Harding-Maine
C. Ferdinand Sybert-Maryland
George Fingold-Massachusetts
Thomas M. Kavanagh-Michigan
Miles Lord-Minnesota
J. P. Coleman-Mississippi
John M. Dalton-Missouri
Arnold Olsen-Montana
Clarence S. Beck-Nebraska
Harvey Dickerson-Nevada
Louis C. Wyman-New Hampshire
Grover C. Richman-New Jersey
Richard H. Robinson-New Mexico
Jacob K. Javits-New York

C. William O'Neill-Ohio
Mac Q. Williamson-Oklahoma
Robert Y. Thornton-Oregon
Herbert B. Cohen-Pennsylvania
William E. Powers-Rhode Island
T.C. Callison-South Carolina
Phil Saunders-South Dakota
George F. McCanless-Tennessee
Allison B. Humphreys (Solicitor General, Tennessee)
John Ben Shepperd-Texas
Richard Callister-Utah
Robert T. Stafford-Vermont
J. Lindsay Almond, Jr.-Virginia
Don Eastvold-Washington
John G. Fox-West Virginia
Vernon W. Thomson-Wisconsin
George F. Guy-Wyoming

The Interdepartmental Committee also wishes to acknowledge assistance contributed by the Council of State Governments, and by Charles F. Conlon, Executive Secretary of the National Association of Tax Administrators.

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Appendix B

A Compilation of the Texts of State and Federal Constitutional Provisions and Statutes of General Effect Relating to the Acquisition and Exercise of Legislative Jurisdiction by the United States as of December 31, 1955. (This appendix is in a separate volume, which contains a full Table of Contents relating to the material therein.)

CHAPTER I

OUTLINE OF STUDY

The instant study was occasioned by the denial to a group of children of Federal employees residing on the grounds of a Veterans' Administration hospital of the opportunity of attending public schools in the town in which the hospital was located. An administrative decision against the children was affirmed by local courts, finally including the Supreme Court of the State. The decisions were based on the ground that residents of the area on which the hospital was located were not residents of the State since "exclusive legislative jurisdiction" over such area had been ceded by the State to the Federal Government, and therefore they were not entitled to privileges of State residency.

In an ensuing study of the State Supreme Court decision with a view toward applying to the Supreme Court of the United States for a writ of certiorari, the Department of Justice ascertained that State laws and practices relating to the subject of Federal legislative jurisdiction are very different in different States, that practices of Federal agencies with respect to the same subject vary extremely from agency to agency without apparent basis, and that the Federal Government, the States, residents of Federal areas, and others, are all suffering serious disabilities and disadvantages because of a general lack of knowledge or understanding of the subject of Federal legislative jurisdiction and its consequences.

Article I, Section 8, Clause 17, of the Constitution of the United States, the text of which is set out in Appendix B to this report, provides in legal effect that the Federal Government shall have exclusive legislative jurisdiction over such area not exceeding ten miles square as may become the seat of Government of the United States, and like authority over all places acquired by the Government, with the consent of the State involved, for Federal works. It is the latter portion of this clause, the portion which has been emphasized, with which this report is primarily concerned.

The status of the District of Columbia, as the "seat of Government" area referred to in the first part of the clause, is fairly well known. It is not nearly as well known that under the second part of the clause the Federal Government has acquired, to the exclusion of the States, jurisdiction such as it exercises with respect to the District of Columbia over several thousand areas scattered over the forty-eight States. Federal acquisition of legislative jurisdiction over such areas has made of them Federal islands within States, which the term "enclaves" is frequently used to describe.

While these enclaves, which are used for all the many Federal governmental purposes, such as post offices, arsenals, dams, roads, etc., usually are owned by the Government, the United States in many cases has received similar jurisdictional authority over privately owned properties which it leases, or privately owned and occupied properties which are located within the exterior boundaries of a large area (such as the District of Columbia and various national parks) as to which a State has ceded jurisdiction to the United States. On the other hand, the Federal Government has only a proprietorial interest, without the right to exercise legislative jurisdiction in the Clause 17 sense, in vast areas of lands which it owns, for Federal proprietorship over land and Federal exercise of legislative jurisdiction with respect to land are not interdependent. And, as the Committee will endeavor to make clear, the extent of jurisdictional control which the Government may have over land can and does vary to an almost infinite number of degrees between exclusive legislative jurisdiction and a proprietorial interest only.

The Federal Government is being required to furnish to areas within the States, over which it has jurisdiction in various forms, governmental services and facilities which its structure is not designed to supply efficiently or economically. The relationship between States and persons residing in Federal areas in those States is disarranged and disrupted, with tax losses, lack of police control, and other disadvantages to the States. Many residents of federally owned areas are deprived of numerous privileges and services, such as voting, and certain access to courts, which are the usual incidents of residence within a State. In short, it was found by the Department of Justice that this whole important field of Federal-State relations was in a confused and chaotic state, and that more was needed than a solution of the school problem at hand -- there was needed a thorough study of the entire subject of legislative jurisdiction with a view toward resolving as many as possible of the problems which lack of full knowledge and understanding of the subject had bred.

The Attorney General so recommended to the President and the Cabinet, and with their approval and support the instant study resulted. The preface to this report identifies the agencies, State and Federal, which most actively participated in the study; subsequent portions of the report set out in some detail the results of the study. The Committee desires to outline at this point, so as to furnish assistance for evaluation of its report, the manner in which the study was conducted, the manner in which the Committee's report is being presented, and some of the problems involved.

The land area of the United States is 1,903,824,640 acres. It was ascertained from available sources that of this area the Federal Government, as of a recent date, owned 405,088,566 acres - or more than 21% of the continental United States. It owns more than 87% of the land in the State of Nevada, over 50% of the land in several other States, and considerable land in every State of the Union. The Department of the Interior controls lands having a total area greater than that of all the six New England States and Texas combined. The Department of Agriculture controls more than three-fourths as much land as the Department of the Interior. Altogether 23 agencies of the Federal Government control property owned by the United States outside of the District of Columbia. Any survey relating to these lands is therefore bound to constitute a considerable project.

The Committee formulated a plan of study, of which portions requiring such approval were approved by the Bureau of the Budget under the Federal Reports Act of 1942 (B.B. No. 43-5501). This plan involved the assignment to a number of Federal agencies of various tasks which they were especially fitted to perform or as to which they had accumulated information; the circularization to all agencies of the Government which acquire, occupy, or operate real property of a questionnaire (Questionnaire A) designed to elicit general information, concerning the numbers, areas, uses and jurisdictional statuses of their properties and the practices, problems, policies, and recommendations related to jurisdictional status which the agencies might have; and the forwarding of an additional questionnaire (Questionnaire B) for each individual Federal installation in three States (Virginia, Kansas, and California, selected as containing properties which would illustrate jurisdictional problems arising throughout the United States) which called for detailed information of the same character as that requested by the general questionnaire addressed to agencies. Federal agencies also were asked to submit a synopsis of all opinions of their chief law officers concerning matters affected by legislative jurisdiction.

Pursuant to further provisions of the plan of study the Attorney General of each State was requested, through the National Association of Attorneys General, to furnish to the Committee a synopsis and citation of each State constitutional provision, statute, judicial decision, and Attorney General opinion, concerning the acquisition of legislative jurisdiction by the United States over lands within the State; a statement of major problems experienced by State or local authorities arising out of legislative jurisdiction; an indication of privileges or services barred by State constitution or statutes to areas under United States legislative jurisdiction or residents of such areas, and any further comment concerning the subject which any Attorney General might have.

A tremendous mass of information has been accumulated by the Committee in the carrying out of the mentioned portions of the plan of study. Material submitted by the twenty-three Federal agencies which control federally owned land was refined by the Committee staff into memoranda which, in the case of the eighteen larger agencies, were made available to each agency concerned for comment. The basic material involved, as well as the staff memoranda and agency comment thereon, was utilized by the Committee as was necessary in its study.

The results of the Committee's study are reflected in the succeeding pages of this report, in the two Appendices to the report, and in a second report (Part II) which is under preparation.

The instant report (Part I) sets out the facts adduced by the Committee and recommendations of the Committee with respect thereto. In this portion of its work the Committee has labored to avoid to the utmost extent possible any legalistic discussions. Citations to constitutional provisions, statutes, or court decisions are made only when it seems inescapably necessary to make them, and rarely is any law quoted in the body of the report. It is the hope of the Committee that this approach will make this report more useful than it otherwise might be to non-lawyer officials, Federal and State, who have occasion to deal with problems arising from ownership, possession, or control of land in the States by the Federal Government.

Appendix A to this report summarizes the basic factual information received from individual Federal agencies in connection with this study and sets out briefly the views of the agencies as to the legislative jurisdictional requirements of properties under their control. It is on this information, received in reply to Questionnaires A and B, already referred to, that the Committee has largely based its determinations as to the jurisdictional requirements of Federal agencies.

Appendix B contains the texts of all constitutional provisions and major statutes of general effect, Federal and State, directly affecting legislative jurisdiction, as such provisions and statutes were in effect on December 31, 1955, with explanatory material relating thereto. The contents of this appendix were necessarily developed for analytical purposes during the course of the study and are included with the report as a logical supplement and as of particular value to lawyers and legislators for independent analysis.

The second report of the Committee (Part II) will be a legal text on the subject of legislative jurisdiction. It will include consideration of salient Federal and State constitutional provisions, statutes, and court decisions, and opinions of major importance of principal Federal and State law officers, which have come to the attention of the Committee in the course of the exhaustive study it has endeavored to make of this subject.

There has been assimilated into the Committee's reports all the legal learning in the legislative jurisdiction field of the members of the Committee and of their predecessor chief law officers, as the Committee has interpreted this learning from opinions rendered by these officers. To this has been added consideration of legal opinions of other chief law officers of the Federal Government, including the Attorney General and the Comptroller General, and of Attorneys General of the several States, of court decisions in some 1,000 Federal and State cases, of matter in innumerable textbooks and legal periodicals, and of all manner of factual and legal information related to legislative jurisdiction submitted by 33 agencies of the Federal Government.

The Committee notes that there has never before been conducted a study of the subject of legislative jurisdiction approaching in comprehensiveness the survey of the facts and the law which has been made. While the Committee's reports cannot reflect every detail of the study, it is hoped that they will provide a basis for resolving most of the problems arising out of legislative jurisdiction situations.

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CHAPTER II

HISTORY AND DEVELOPMENT OF FEDERAL LEGISLATIVE JURISDICTION

Origin of Article I, Section 8, Clause 17, of the Constitution. This provision was included in the Constitution as the result of proposals made to the Constitutional Convention on May 29 and August 18, 1787, by Charles Pinckney and James Madison. The clause was born because of the vivid recollection of the members of the Convention of harrassment suffered by the Continental Congress at Philadelphia, in 1783, at the hands of a mob of soldiers and ex-soldiers whom the Pennsylvania authorities felt unable to restrain, and whose activities forced the Congress to move its meeting place to Princeton, New Jersey. The delegates to the Constitutional Convention, many of whom had suffered indignities at the hands of this mob as members of the Continental Congress, were impressed by this incident, and by a general requirement for protection of the affairs of the then weak Federal Government from undue influence by the stronger States, to provide for an area independent of any State, and under Federal jurisdiction, in which the Federal Government would function. Without much debate there was accepted the theory that places other than the seat of Government which were held by the Federal Government for the benefit of all the States similarly should not be under the jurisdiction of any single State.

Objections made by Patrick Henry and others based upon the dangers to personal rights and liberties which Clause 17 presented were anticipated or replied to by James Iredell of North Carolina (subsequently a United States Supreme Court Justice) and Mr. Madison. They assured that the rights of residents of federalized areas would be protected by appropriate reservations made by the States in granting their respective consents to federalization. (It may be noted that this assurance has to this time borne only little fruit.)

Early practice concerning acquisition of legislative jurisdiction. The Federal City was established at what became Washington on land ceded to the Federal Government for this purpose by the States of Maryland and Virginia under the first portion of Clause 17. However, the provision of the second portion, for transfer of like jurisdiction to the Federal Government over other areas acquired for Federal purposes, was not uniformly exercised during the first fifty years of the existence of the United States. It was exercised with respect to most, but not all, lighthouse sites, with respect to various forts and arsenals, and with respect to a number of other individual properties. But search of appropriate records indicates that during this period it was often the practice of the Government merely to purchase the lands upon which its installations were to be placed and to enter into occupancy for the purposes intended, without also acquiring legislative jurisdiction over the lands.

Acquisition of exclusive jurisdiction made compulsory. The Federal practice of not acquiring legislative jurisdiction in many cases was terminated in 1841, as a result of what appears to have been a legislative accident. A controversy had developed between the Federal Government and the State of New York concerning the title to (not the legislative jurisdiction over) a single area of land on Staten Island upon which a fortification had been maintained for many years at Federal expense. Presumably to avoid a repetition of such incidents, the Congress provided by a Joint Resolution of September 11, 1841 (set out in Appendix B to this report as Section 355 of the Revised Statutes of the United States), that thereafter no public money could be expended for "public buildings" (public works) on land purchased by the United States until the Attorney General had approved title to the lands, and until the legislature of the State in which the land was situated had consented to the purchase.

In facilitating Federal construction within their boundaries most States during the ensuing years enacted statutes consenting to the acquisition of land (frequently any land) within their boundaries by the Federal Government. These general consent statutes had the effect of implementing Clause 17 and thereby vesting in the United States exclusive legislative jurisdiction over all lands acquired in the States. The only exceptions were cases where the Federal Government plainly indicated, by legislation or by action of the Executive agency concerned, that the jurisdiction proffered by the State consent statute was not accepted. Necessity for plain indication by the Federal Government of non-acceptance of jurisdiction came about because of a general theory in law that a proffered benefit is accepted unless its non-acceptance is demonstrated.

It should be noted that lands already under the proprietorship of the United States when these general consent statutes were enacted, such as the lands of the so-called public domain, were not affected by the statutes, and legislative jurisdiction with respect to them remained in the several States. Curiously, therefore, the vast areas of land which constitute the Federal public domain generally are held by the United States in a proprietorial status only. It should also be noted that the 1841 Federal statute did not apply to lands acquired by the United States upon which there was no intent to erect "public buildings" within the broad meaning of the statute. However, the Federal Government quite completely divested the States, with their consent, of legislative jurisdiction over numerous and large areas of land which it acquired during the hundred year period following 1841 without, apparently, much concern being generated in any quarter for the consequences.

State inroads upon acquisition of exclusive jurisdiction. In the course of the tremendous expansion of Federal land acquisition programs which occurred in the 1930's the States became increasingly aware of the impact upon State and local treasuries (which will be discussed in considerable detail) of Federal acquisition of exclusive legislative jurisdiction and its further impact on normal State and local authority. With the development of this awareness there began the development of a tendency on the part of States to repeal their general consent statutes and in some cases to substitute for them what may be termed "cession statutes," specifically ceding some measure of legislative jurisdiction to the United States while frequently reserving certain authority to the State. In other instances States amended their consent statutes so that such statutes similarly reserved certain authority to the State. Included among the reservations in such consent and cession statutes are the right to levy various taxes on persons and property situated on Federal lands and on transactions occurring on such lands; criminal jurisdiction over acts and omissions occurring on such lands; certain regulatory jurisdiction over various affairs on such lands such as licensing rights, control of public utility rates and control over fishing and hunting; and the most complete type of reservation -- a retention by the State of all its jurisdition while concurrently granting all jurisdiction, or some measure of jurisdiction, to the Federal Government.

It should be emphasized that Federal instrumentalities and their property are not in any event subject to State or local taxation or to most types of State or local controls. However, the transfer to the United States of exclusive legislative jurisdiction over an area has the effect, speaking generally, of divesting the State and any governmental entities operating under its authority of any right to tax or control private persons or property upon the area. It was the divesting of such rights that reservations in consent and cession statutes were designed to combat.

Statutory enactments of various States have also fixed conditions concerning procedural aspects of Federal acceptance of legislative jurisdiction. For example, some States require publication of intent to accept and recordation with county clerks of metes and bounds of the property, or have other similar requirements. In the case of one State these procedural requirements have been deemed by some Federal agencies to be so onerous, and the reservations of jurisdiction made by the State to be so broad, that the agencies have not felt justified in meeting the procedural requirements in view of the small amount of jurisdiction which is thereby acquired.

Retrocessions by the Federal Government. The States could not by unilateral action retrieve from the Federal Government authority which they had surrendered over areas as to which they had already ceded exclusive legislative jurisdiction to the Government, but during the mentioned period when States were altering their consent statutes the Federal Government relinquished to the States the authority to tax sales of motor vehicle fuels, to impose sales and use taxes, and to levy income taxes. These relinquishments, or retrocessions, were applicable to areas as to which jurisdiction previously had been acquired, as well as to future acquisitions. The term "retrocede" is used generally here and throughout this report to include waivers of immunity as well as retrocessions of jurisdiction. The statutes involved are set out in Appendix B in the codified form in which they appear in Title 4 of the United States Code.

Exclusive jurisdiction requirement terminated. There was also enacted, on February 1, 1940, an amendment to section 355 of the Revised Statutes of the United States which eliminated the requirement for State consent to any Federal acquisition of land as a condition precedent to expenditure of Federal funds for construction on such land. The amendment substituted for the previous requirement provided that (1) the obtaining of exclusive jurisdiction in the United States over lands which it acquired was not to be required, (2) the head of a Government agency could file with the Governor or other appropriate officer of the State involved a notice of the acceptance of such extent of jurisdiction as he deemed desirable as to any land under his custody, and (3) until such a notice was filed it should be conclusively presumed that no jurisdiction had been accepted by the United States. This amendment ended the 100 year period during which nearly all the land acquired by the United States came under the exclusive legislative jurisdiction of the Federal Government.

Subsequent developments. Federal abandonment, through the revision of R.S. 355, of the nearly absolute requirement for State consent to Federal land acquisition had two direct effects: (1) the State tendency to amendment of consent and cession laws so as to provide various reservations was accelerated, and (2) Federal administrators, particularly of newer agencies which did not have long-established habits of acquiring exclusive legislative jurisdiction, tended not to acquire any legislative jurisdiction for their lands. The first tendency has developed to the point that, it may be seen from Appendix B to this report, as of a recent date only 25 States, many of these having relatively little Federal property within their boundaries, still proffered exclusive legislative jurisdiction to the Federal Government by a general consent or cession statute. The other tendency has been sufficiently manifested that, it will be noted from more specific information offered later in this report, a very large proportion of Federal properties is now held with less than exclusive jurisdiction in the United States.

The tendencies described have not had any substantial effect on the bulk of properties as to which jurisdiction was acquired by the United States prior to 1940. Property acquired by the Federal Government with a vesting of legislative jurisdiction continues to this time in the same general jurisdictional status as originally attached. An exception occurs in those cases in which there is a limitation on the exercise of legislative jurisdiction by the United States specifically or by implication set out in the State statute under which the Federal Government procured such jurisdiction (such as a limitation that the proffered jurisdiction shall continue in the United States only so long as the United States continues to own a property, or so long as the property is used for a specified purpose). Once legislative jurisdiction has vested in the United States it cannot be revested in the State, other than by operation of a limitation, except by or under an Act of Congress.

The Congress has acted, mainly, only to authorize imposition of the specific State taxes already mentioned, to permit States to apply and enforce their unemployment compensation and workmen's compensation laws in Federal areas, and to retrocede to the States jurisdiction over a mere handful of properties (in the last category the usual case involves only a retrocession of concurrent criminal jurisdiction with respect to a public highway traversing a Government reservation). The Congress has also authorized the Attorney General and the Administrator of Veterans' Affairs, respectively, to retrocede jurisdiction in certain limited instances, but this authority appears to have been rarely used; and the Congress has extended to the States jurisdiction over criminal offenses occurring on immigrant stations. Whether the Congress has authorized imposition of State and local taxes on private interests in all military housing constructed under the so-called "Wherry Act," some of which is located on areas as to which the United States has received legislative jurisdiction, is a question now before the Supreme Court of the United States. All the statutes involved are, as has already been indicated, set out in Appendix B to this report.

CHAPTER III

DEFINITIONS - CATEGORIES OF LEGISLATIVE JURISDICTION

Exclusive legislative jurisdiction. The term "exclusive legislative jurisdiction" as used in this report refers to the power "to exercise exclusive legislation" granted to the Congress by Article I, Section 8, Clause 17, of the Constitution, and to the like power which may be acquired by the United States through cession by a State, or by a reservation made by the United States in connection with the admission of a State into the Union. In the exercise of such power as to an area in a State the Federal Government theoretically displaces the State in which the area is contained of all its sovereign authority, executive and judicial as well as legislative. By State and Federal statutes and judicial decisions, however, it is accepted that a reservation by a State of only the right to serve criminal and civil process in an area, resulting from activities which occurred off the area, is not inconsistent with exclusive legislative jurisdiction.

The existence of Federal retrocession statutes has had the effect of eliminating any possibility of the possession by the Federal Government at this time of full exclusive legislative jurisdiction, since all States may exercise jurisdiction in consonance with such statutes notwithstanding that they cede exclusive legislative jurisdiction. However, in view of a widespread use of the term "exclusive legislative jurisdiction" in this manner, the Committee for purposes of the instant study has applied the term to the situation wherein the Federal Government possesses, by whichever method acquired, all the authority of the State, and in which the State concerned has not reserved to itself the right to exercise any authority concurrently with the United States except the right to serve civil or criminal process in the area.

Because reservations made by the States in granting jurisdiction to the Federal Government have varied so greatly, and in order to describe situations in which the Government has received or accepted no legislative jurisdiction over property which it owns, the Committee has found it desirable to adopt three other terms which are in general use in reference to jurisdictional status, and in an effort at precision has defined these terms. While these definitions are based on judicial decisions and similar authorities, and on usage in Government agencies, it is desired to emphasize that they are made here only for the purposes of this study, and that they are not purported as absolute criteria for interpreting legislation or judicial decisions, or for other purposes. By way of example the Assimilative Crimes Act, referred to at several points in this report, which by its terms is applicable to areas under exclusive or concurrent jurisdiction in the usual case is applicable in areas here defined as under partial jurisdiction.

Concurrent legislative jurisdiction. This term is applied in those instances wherein in granting to the United States authority which would otherwise amount to exclusive legislative jurisdiction over an area the State concerned has reserved to itself the right to exercise, concurrently with the United States, all of the same authority.

Partial legislative jurisdiction. This term is applied in those instances wherein the Federal Government has been granted for exercise by it over an area in a State certain of the State's authority, but where the State concerned has reserved to itself the right to exercise, by itself or concurrently with the United States, other authority constituting more than merely the right to serve civil or criminal process in the area (e.g. -- the right to tax private property).

Proprietorial interest only. This term is applied to those instances wherein the Federal Government has acquired some right or title to an area in a State but has not obtained any measure of the State's authority over the area. In applying this definition recognition should be given to the fact that the United States, by virtue of its functions and authority under various provisions of the Constitution, has many powers and immunities not possessed by ordinary landholders with respect to areas in which it acquires an interest, and of the further fact that all its properties and functions are held or performed in a "governmental" rather than a "proprietary" capacity.

CHAPTER IV

BASIC CHARACTERISTICS OF THE SEVERAL CATEGORIES OF LEGISLATIVE JURISDICTION

Effects of varying statuses. To each of the four categories of legislative jurisdictional situations (in which the United States has (a) exclusive, (b) concurrent, (c) or partial legislative jurisdiction, or (d) a proprietorial interest only) differing legal characteristics attach. These differences result in various advantages, various disadvantages, and many problems arising for the Federal Government, for State and local governments, and for individuals, out of each of the several types of legislative jurisdiction. Specific advantages, disadvantages, and problems will be discussed in succeeding portions of this report. Knowledge of the basic incidents of the several categories of legislative jurisdiction is essential, however, to the identification and appraisal of these matters.

Exclusive legislative jurisdiction. When the Federal Government receives exclusive legislative jurisdiction over an area, the jurisdiction of the State and of any local governments (which of course derive their authority from the State) is ousted, subject only to the right to serve process and to the several concessions made by the Federal Government which have already been mentioned. Thereafter only Congress has authority to legislate for the area. However, while Congress has legislated for the District of Columbia, it has not legislated for other areas under its exclusive legislative jurisdiction except in a few particulars which will be indicated hereinafter.

The courts have filled the vacuum which might otherwise have occurred by adopting for such areas a rule of international law whereby as to ceded territory the laws of the displaced sovereign which are in effect at the time of cession and which are not in conflict with laws or policies of the new sovereign remain in effect as laws of such new sovereign until specifically displaced. Under the international law rule it is anticipated that the new sovereign will act to keep the laws of the ceded territory up to date, for any enactments or amendments by the old sovereign have no effect in territory which has been ceded. In view of the fact that Congress has not acted except as will be stated to amend or otherwise maintain the laws in areas other than the District of Columbia which are under its exclusive legislative jurisdiction, the laws generally in effect in each such area are the former State laws which were in effect there as of the time, be it twenty or a hundred and twenty years ago, when jurisdiction over the area passed to the United States. It can be seen that since the laws of every State have been developing and changing throughout the years, the laws applicable in Federal exclusive jurisdiction areas in the same State vary according to the time at which jurisdiction thereover passed to the United States. It can also be seen that since the laws applicable in these areas have not developed or changed during the period of Federal exercise of jurisdiction in the areas, such laws are in most cases obsolete, and in many cases archaic. This condition adversely affects nearly all who may be involved, with the effects most likely to be felt by persons residing or doing business on the area and those who deal with such persons.

In certain instances, even within a single area of exclusive Federal legislation, an engineering survey may be necessary to determine exactly where an act giving rise to a legal effect occurred, in order to ascertain which of several successive State laws, all archaic, is applicable. This necessity develops from the fact that ordinarily consent and cession statutes have not transferred jurisdiction to the United States until it has acquired title, a process that, at least with respect to larger reservations, has lasted several years and often has resulted in the applicability under the international law rule of different State laws to different tracts of land within the same reservation. This was particularly the case before the enactment of legislation permitting the United States to acquire title upon the filing of a condemnation suit, rather than at the termination of such often protracted litigation.

In other cases, amendments to State consent and cession statutes during the process of land acquisition have resulted in the United States exercising different quanta of legislative jurisdiction in the same Federal reservation. These areas of different legislative jurisdiction are often so random and haphazard that only litigation, again dependent upon an engineering survey, can determine even what court has jurisdiction, without regard to questions of substantive law.

In addition, although a body of substantive law is carried over for areas over which the Federal Government assumes exclusive legislative jurisdiction, the agencies and administrative procedures which often are necessary to the functioning of the substantive law are not made available by the Federal Government. For example, while a marriage law is carried over, there is no licensing and record keeping office; and while there are public health and safety laws, there rarely are available the necessary Federal facilities for administering and enforcing these laws.

In order to avoid the probably insurmountable task of enacting and maintaining a code of criminal laws appropriate for all the areas under its legislative jurisdiction, the Congress has passed the so-called Assimilative Crimes Act (18 U.S.C. 13), set out in Appendix B. In this statute the Congress has provided, in legal effect, that all acts or omissions occurring on an area under its legislative jurisdiction which would constitute a crime if the area continued under State jurisdiction are to constitute a similar crime, similarly punishable, under Federal law.

The Assimilative Crimes Act does not apply to make Federal crimes based on State statutes which are contrary to Federal policy. Unlike the court-adopted rule of international law, the Assimilative Crimes Act provides that the State laws applicable shall be those in force "at the time of such act or omission." The criminal laws in areas over which the Congress has legislative jurisdiction as to crimes are thus as up-to-date as those of the surrounding State.

Law enforcement must, of course, be supplied by the Federal Government since, State law being inapplicable within the enclave, local policemen and other law-enforcement agencies do not have authority nor do the State courts have criminal jurisdiction over offenses committed within the reservation. However, Federal law enforcement facilities are distant from many Federal areas, and the machinery of the Federal court system is not designed to handle efficiently or with reasonable convenience to the public or to the Federal Government the administration of what are essentially local ordinances.

Federal areas of exclusive jurisdiction are considered in many respects to comprise legal entities separate from the surrounding State, and, indeed, until a recent decision of the United States Supreme Court dispelled the notion, were viewed as completely sovereign areas (under the sovereignty of the United States), geographically surrounded by another sovereign. As a result there is no obligation on the State or on any local political subdivision to provide for such areas normal governmental services such as disposal of sewage, removal of trash and garbage, snow clearance, road maintenance, fire protection and the like.

Persons and property on exclusive jurisdiction areas are not subject to State or local taxation except as Congress has permitted (incomc, sales, use, motor vehicle fuel, and unemployment and workmen's compensation taxes only have been permitted). It should be noted that the Federal Government and its instrumentalities are not subject to direct taxation by States or local taxing authorities regardless of the legislative jurisdiction status of the area on which they may be operating. However, the immunity from State authority of exclusive jurisdiction areas has the additional effect of barring State or local taxation of the property on such areas, such as personal property of residents of such areas, and property of lessees of stand-by Government industrial facilities on such areas, thereby resulting in considerable diminution of State and local tax revenues.

Likewise, the States cannot exercise regulatory powers over areas under Federal exclusive legislative jurisdiction. While this power of the States is often curtailed under the Supremacy Clause of the United States Constitution regardless of the jurisdictional status of any lands which might be involved, two recent cases have brought into focus the effect which differing jurisdictional positions will have upon otherwise substantially similar factual circumstances.

The companion cases of Penn Dairies v. Milk Control Comm'n, 318 U.S. 261, and Pacific Coast Dairy v. Dept., 318 U.S. 285 (1943), both concerned the legality of minimum pricing under State milk control acts of milk sold to the Federal Government. In one instance the milk was delivered by a dealer to the United States on land over which the United States had no legislative jurisdiction; in the other the land was under its exclusive jurisdiction. In the first case (no Federal jurisdiction) it was held that the denial of a license renewal to the dealer for selling milk to the Government at less than the prescribed minimum price was valid, the court stating, ". . . the mere fact that non-discriminatory taxation or regulation of the contractor imposes an increased economic burden on the Government is no longer regarded as bringing the contractor within any implied immunity of the Government from State taxation or regulation." The second case (exclusive Federal jurisdiction) denied the right of the State to revoke a license to distribute milk, holding that ". . . the true purpose was to punish California's own citizens for doing in exclusively Federal territory what by the law of the United States was there lawful, under the guise of penalizing preparatory conduct occurring in the State, -- to punish the appellant for a transaction carried on under sovereignty conferred by Article I, Section 8, Clause 17 of the Constitution, and under authority superior to that of California by virtue of the Supremacy Clause."

The dairy cases point out the effect which jurisdictional status may have where there is an attempted indirect regulation of the Federal Government by a State. It remains clear, however, that direct State regulation of the Federal Government or its instrumentalities is not permissible under the Supremacy Clause regardless of the nature of Federal jurisdiction. It is also clear, and was pointed out by the Court in the dairy cases, that the Congress may waive any immunities accruing to the United States under an exclusive jurisdiction status and, on the other hand, may effectively prohibit any interference, however indirect, with any activities of the United States or its instrumentalities. Immunity from State regulation of activities in exclusive legislative jurisdiction areas extends, of course, beyond minimum pricing of milk. Control of the sale and consumption of alcoholic beverages, and licensing of persons engaged in occupations affecting public health and safety, are two matters frequently involved, for example.

Probably the incident of exclusive legislative jurisdiction which has most numerous, and most serious, effects is that residents of exclusive jurisdiction areas have been held not to be residents of the State or local subdivision thereof in which such area is physically situated. As a result such persons may be denied many of the important rights and privileges which are contingent upon State residence. They are not entitled to vote, to hold public office, or to serve on juries, and their children are not entitled to receive an education in the free public school systems of the State. The right of access to State courts in matters where jurisdiction is based upon residence within the State may be denied them, and problems consequently arise in the fields of divorce, adoption, administration of estates, and juvenile offenses. There is no obligation on the State to admit residents to State-sponsored or administered hospitals or sanatoriums, nor to provide such residents with other governmental services such as visiting nurses, public libraries, welfare services and the like. And generally there are no equivalent services provided from Federal sources for persons residing on areas of exclusive Federal jurisdiction. It has been suggested that where States are exercising the right to tax residents of exclusive Federal jurisdiction areas such residents are entitled to rights and privileges as residents of the State, on the theory that the State cannot acknowledge them on the one hand as State residents for taxation purposes and on the other deny them qualification as residents for other purposes. The Committee recognizes considerable logic in this reasoning, but since the legal theory which is involved appears not to have been sufficiently tested in the courts the Committee is not relying on it for the purposes of this study.

Other than as has been indicated, the United States has not enacted laws of any major import for exclusive jurisdiction areas except to define and provide punishment for a number of major crimes, to provide for liability for the causing of death or injury by wrongful act, and to provide for workmen's compensation.

Concurrent legislative jurisdiction. Under concurrent jurisdiction the two sovereigns, the Federal Government and a State, occupy an area, each having all the rights accorded a sovereign with the broad qualification that such rights run concurrently with those of the other sovereign. Exact equivalence of rights is not present, however, for at all times, under this jurisdictional status as under all others, the Federal Government has the superior right under the Supremacy Clause of the Constitution to carry out Federal functions unimpeded by State interference.

State law, including any amendments which may be made by the State from time to time, is applicable in a concurrent jurisdiction area. Thus there is absent the tendency which exists in exclusive jurisdiction areas for general laws to become obsolete. Federal law appertaining generally to areas under the legislative jurisdiction of the United States also applies. State or local agencies and administrative processes needed to carry out various State laws, such as laws relating to notaries, various licensing boards, etc., can be made available by the State or local government in accordance with normal procedures. State criminal laws are, of course, applicable in the area for enforcement by the State. The same laws apply for enforcement by the Federal Government under the Assimilative Crimes Act, which by its terms is applicable to areas under the concurrent as well as the exclusive legislative jurisdiction of the United States, and other

Federal criminal laws also apply. Most crimes fall under both Federal and State sanction, and either the Federal or State Government, or both, may take jurisdiction over a given offense.

Unlike the situation in exclusive jurisdiction areas, the State and the local governmental subdivisions have the same obligation to furnish their normal governmental services, such as sewage disposal, to and in the area, as they have elsewhere in the State. They also have the compensating right of imposing taxes on persons, property, and activities in the area (but not, of course, directly on the Federal Government or its instrumentalities). The regulatory powers of the States may be exercised in the area but, again, not directly on the Federal Government or its instrumentalities, and not so as to interfere with Government activites. Most significant in many cases, residency in a concurrent jurisdiction area, as distinguished from residency in an exclusive jurisdiction area, in every sense and to the same extent qualifies a person as a resident of a State as residency in any other part of the State, so that none of the problems relating to personal rights and privileges that may arise in an exclusive jurisdiction area are raised in a concurrent jurisdiction area.

Partial legislative jurisdiction. This jurisdictional status occurs where the State grants to the Federal Government the authority to exercise certain State powers within an area but reserves for exercise only by itself, or by itself as well as the Federal Government, other powers constituting more than merely the right to serve civil or criminal process.

As to those State powers granted by the State to the Federal Government without reservation, administration of the Federal area is the same as if it were under exclusively Federal legislative jurisdiction, and the powers which were relinquished by the State may be exercised only by the Federal Government. As to the powers reserved by the State for exercise only by itself, administration of the area is as though the United States had no jurisdiction whatever (i.e., proprietorial interest only); the reserved powers may not be exercised by the Federal Government, but continue to be exercised by the State. As to those powers granted by the State to the Federal Government with a reservation by the State of authority to exercise the same powers concurrently, administration of the area is as though it were under the concurrent legislative jurisdiction status described above; only the powers specified for concurrent exercise can, of course, be exercised by both the Federal and State Governments.

The reservations made by States which result in a partial legislative jurisdiction status relate usually to such matters as taxation of individuals on the area and their property and activites, but can and do relate to numerous combinations of the matters affected by legislative jurisdiction. Depending on which powers have been granted to the United States for exercise exclusively by it, various State laws may or may not be applicable. In any event (assuming no complete reservation to itself by the State of the right to make or enforce criminal laws) the

Assimilative Crimes Act applies, allowing law enforcement by Federal officials. Depending also on which powers have been granted by the State, the relations of the residents of the area with the State are disturbed to a greater or lesser degree in the usual case. The exact incidents of this type of jurisdiction need to be determined in each case by a careful study of the applicable State cession or consent statute.

Proprietorial interest only. Where the Federal Government has no legislative jurisdiction over its land, it holds such land in a proprietorial interest only and has the same rights in the land as does any other landowner. In addition, however, there exists a right of the Federal Government to perform the functions delegated to it by the Constitution without interference from any source. It may resist, by exercise of its legislative or executive authority or through proceedings in the courts, according to the circumstances, any attempted interference by a State instrumentality as well as by individuals. Also, the Congress has special authority, vested in it by Article IV, Section 3, Clause 2, of the Constitution, to enact laws for the protection of property belonging to the United States.

Subject to these conditions, in the case where the United States acquires only a proprietorial interest the State retains all the jurisdiction over the area which it would have if a private individual rather than the United States owned the land. However, for the reasons indicated the State may not impose its regulatory power directly upon the Federal Government nor may it tax the Federal land. Neither may the State regulate the actions of the residents of the land in any way which might directly interfere with the performance of a Federal function. State action may in some instances impose an indirect burden upon the Federal Government when it concerns areas held in a proprietorial interest only, as in the *Penn Dairies* case, *supra*. Any persons residing on the land remain residents of the State with all the rights, privileges, and obligations which attach to such residence.

CHAPTER V

LAWS AND PROBLEMS OF STATES RELATED TO LEGISLATIVE JURISDICTION

Use of material from State sources. The great bulk of the material received by the Committee from State Attorneys General and other State sources consists of excerpts appertaining to legislative jurisdiction from the constitutions and statutes of the States. This particular material, conformed to reflect the status of the law as of December 31, 1955, will be found in Appendix B to this report arranged alphabetically by States. The judicial decisions and legal opinions which the Attorneys General directed to the attention of the Committee, which were invaluable in forming a part of the basis for the views of the Committee set out in this report, in the main will be specifically referred to only in Part II of the report, which will constitute a text of the law on the subject of legislative jurisdiction. Certain aspects of the material relating to States appear appropriate for discussion at this point, however.

Provisions of State constitutions and statutes relating to jurisdiction. It is noted by the Committee that the Constitutions of Montana, North Dakota, and South Dakota have ceded to the United States exclusive legislative jurisdiction over certain specified areas, so that amendments to the Constitutions might be required in effecting changes of the jurisdictional status of the areas involved. The Constitution of the State of Washington gives the consent of the State to the exercise of exclusive legislation by the United States over tracts of land held or reserved for the purposes of Article I, Section 8, Clause 17, of the United States Constitution, so that no limitation apparently may be placed by the State legislature on the exercise by the United States of exclusive jurisdiction over such areas within the State. While three other States (California, Georgia, and Texas) also have constitutional provisions which bear some relation to legislative jurisdiction, such relation is indirect and relatively insignificant.

The Committee's study indicates that as recently as twenty-five years ago all States had in effect consent or cession statutes of more or less general application which permitted the vesting in the United States of exclusive legislative jurisdiction, or substantially exclusive legislative jurisdiction, over properties acquired by it within the State. As of December 31, 1955, only 25 States (identified in the table presented at the end of this chapter) continued to have such statutes. In addition, exclusive (or lesser) jurisdiction may be ceded in Virginia by action of the Governor and Attorney General, and in Florida and Alabama by their respective Governors. Three States, Illinois, Kentucky, and Tennessee, have wholly repealed their consent and cession statutes. Pennsylvania consents to the Federal acquisition of property (and therefore exclusive legislative jurisdiction over such property) necessary for the erection of aids to navigation, but not for other purposes of the Government. The other States have consent and cession statutes containing various limitations and reservations. All States which have such statutes reserve authority for the service of process upon areas the jurisdiction over which is transferred based on events which occurred off the areas. The table which appears at the end of this chapter, together with its notes, gives certain information concerning the provisions made in State constitutions and statutes with respect to legislative jurisdiction. For more detailed information it is suggested that reference be had to Appendix B to this report.

Expressions by State Attorneys General respecting Federal exercise of jurisdiction. The attitude of the Attorney General of Kentucky with respect to the exercise by the Federal Government of exclusive legislative jurisdiction over areas within his State, which was particularly well expressed, perhaps reflects views of other State officials and reasons why the States have tended in recent years to limit the availability to the United States of legislative jurisdiction:

> In commenting generally, we feel that the existence of any Federal enclaves in this State has probably been conducive to embarrassment to both the Federal and the State authorities. We have noted in our dealings with the Atomic Energy Commission at Paducah, whose installation there is partially within a Federal enclave and partially without, that this most secret of all Federal activities can be carried on most successfully within the State jurisdiction, and the Atomic Energy Commission officials with whom we have dealt have so expressed themselves. The transfer of jurisdiction to the Federal Government is an anachronism which has survived from the early period of our history when Federal powers were so strictly limited that care had to be taken to protect the Federal Government from encroachment by officials of the all-powerful States. Needless to say, this condition is now exactly reversed. If there is any activity which the Federal Government cannot undertake on its own property without the cession of jurisdiction, we are unaware of it.
>
> It is our hope that your Committee will be able to recommend a retrocession to Kentucky of all of the Federal enclaves in this State, so that our local governments, our law courts, our administrative agencies and our Federal officials themselves may cease to be vexed with this annoying and useless anachronism.

Another view, which is, nevertheless, critical of practices of Federal agencies with respect to the acquisition of legislative jurisdiction, is also well stated by the Attorney General of New York:

> It would seem that it would result in a change for the better if acquisition by the United States of juris-

diction over areas in this State were limited to those cases in which such acquisition is absolutely necessary to the accomplishment of the Federal purposes for which the lands have been or are acquired and to which they are devoted, and that the jurisdiction heretofore acquired by the United States should be returned to the State in all cases where its retention by the United States is not absolutely required.

It is difficult to see, for instance, how the advantages, if any, outweigh the disadvantages of acquisition by the United States of exclusive jurisdiction over sites within the State acquired for the purposes of post offices, office buildings, court houses, lighthouses, veterans' hospitals, and the like. In the absence of exclusive Federal jurisdiction, such places and the inhabitants thereof would be subject to and would receive the protection and benefits of State and local laws except in so far as the operation of such laws might adversely affect the United States in the use of the property for the purposes for which it is maintained (*Surplus Trading Co.* v. *Cook*, 281 U.S. 647, 650).

A good beginning was made by the Act of Congress of February 1, 1940 (54 Stat. 19; 40 U.S.C.A. 255), sometimes erroneously referred to as the Act of October 9, 1940 (54 Stat. 1083). Adoption of that act followed the decisions of the Supreme Court in *James* v. *Dravo Contracting Co.*, 302 U.S. 134; *Mason Co.* v. *Tax Commission*, 302 U.S. 186; and *Collins* v. *Yosemite Park Co.*, 304 U.S. 518 (See *Adams* v. *U.S.*, 319 U.S. 312).

One of the underlying reasons for that Act was a realization by Congress of the fact, adverted to by the Supreme Court at page 148 of its opinion in *James* v. *Dravo Contracting Co.*, that "a transfer of legislative jurisdiction carries with it not only benefits but obligations, and it may be highly desirable, in the interests of both the National Government and of the State, that the latter should not be entirely ousted of its jurisdiction." But the benefits of that Act will not be achieved in the measure hoped for unless administrative departments of the Federal Government exercise a discriminating, self-imposed restraint in applying for and accepting cessions to the United States of exclusive jurisdiction over lands within the State.

Not all Attorneys General were critical of the exercise of legislative jurisdiction, however. The Attorneys General of Maine and Florida, for example, indicated that their problems arising out of legislative jurisdiction were minor. Nevertheless, in each instance the existence of such problems was acknowledged.

Difficulty of determining jurisdictional status of Federal areas. Perhaps the problems most often referred to by State Attorneys General arose out of the difficulty of determining the jurisdictional status of federally owned areas, where the task was to ascertain whether State laws, or which State laws, applied in an area. In Kansas and in Maryland, for example, there presently exist serious situations with respect to the indefinite jurisdictional status of important highways. The basic question involved in the Kansas situation appears to be whether the Federal Government in 1875 received legislative jurisdiction over a federally owned highway adjoining Fort Leavenworth on which many problems of law enforcement now occur. The Maryland situation arises out of the fact that a large portion of the Baltimore-Washington Expressway, contained almost wholly within the territorial boundaries of the State of Maryland, passes through areas acquired at separate times, for separate purposes, and with differing legislative jurisdictional statuses, by the Federal Government. Since the United States has exclusive legislative jurisdiction over various of these areas the boundaries of which cannot easily be established there exists a Balkanized situation on the highway as a result of which Maryland law enforcement authorities are finding it virtually impossible, particularly with respect to traffic violations, to establish jurisdiction over crimes committed on segments of the highway which actually are within their jurisdictional authority.

On the subject of what gives rise to the principal difficulties had by States with respect to areas under Federal jurisdiction the Attorney General of Maryland states:

> I would generally say that the most important item to be considered at the outset, in so far as the State of Maryland is concerned, is an exact inventory of each and every item of federally owned real estate, together with an ascertainment of the existing jurisdictional picture as to each such area. Once we have determined this, we will be in a far better position to assess what is necessary in the way of agreements between the Federal Government and the State and in clarifying legislation.

Taxing problems. These are another apparently serious concern arising for State Attorneys General and other State officials out of legislative jurisdictional situations. In the usual case the problem does not directly involve the United States or an instrumentality thereof, the immunities of which from State and local taxation are well known to responsible State officials. Rather, the problems arise from legal discriminations still existing with respect to areas under Federal exclusive legislative jurisdiction whereby residents of such areas, persons doing business in the areas, and privately owned property contained in the areas, must receive from State and local taxing authorities treatment different from that accorded to very similarly situated persons and property on areas as to which the United States does not have exclusive legislative jurisdiction. The situation is obviously complicated by the fact that the imposition of certain taxes on private persons, activities, and properties in Federal exclusive legislative jurisdiction areas have been authorized by by the Congress, while others have not.

A frequently mentioned problem in the tax field was that arising with respect to so-called "Wherry housing," which is housing constructed and operated by private persons for military personnel. This housing is usually located on land leased from the Federal Government which is part of the site of a military installation, and which often is under the exclusive legislative jurisdiction of the United States. While the Congress has in certain specific terms authorized State and local taxation of private leasehold interests in such housing projects, many States and local taxing districts do not have tax laws applicable to leasehold interests, as distinguished from fee interests, and hence are having difficulty in collecting revenue from that interest which the Congress has made taxable. However, this particular problem does not arise out of legislative jurisdictional status. A related problem, as to whether the Congress authorized the imposition of taxes on such leasehold interests where the housing is located on land under the exclusive jurisdiction of the United States is presently before the Supreme Court of the United States.

Other problems. Numerous problems of criminal jurisdiction, licensing and control of alcoholic beverages, and licensing and control of persons engaged in occupations affecting public health and safety were mentioned by Attorneys General as arising in areas under the legislative jurisdiction of the United States.

The Attorneys General also made frequent references to problems existing for residents of exclusive jurisdiction areas and their children, particularly with respect to voting, divorce, old age assistance, admission to State institutions, and loss of rights to attendance at public schools.

Summary. The information received by the Committee from State sources indicates that numerous problems for States and local governmental entities, and for persons residing in Federal areas within the States result from Federal legislative jurisdiction, and particularly exclusive legislative jurisdiction, over such areas, with a considerable disruption of the normal relations of State and other governmental entities with persons within their geographical boundaries.

ANALYSIS OF STATE CONSTITUTIONAL PROVISIO

CESSION OF JURISDICTION

STATES	CONSTITUTIONAL PROVISION	CONSENT TO PURCHASE	EXCLUSIVE	CONCURRENT	PARTIAL
ALABAMA	NO	YES	GOVERNOR MAY CEDE SUCH JURISDICTION HE DEEMS NECESSARY. (1)		
ARIZONA	NO	YES	YES (2)		
ARKANSAS	NO	YES	YES (3)		
CALIFORNIA	YES (4)	YES (5)			YES
COLORADO	NO	YES	YES		
CONNECTICUT	NO	YES	YES		
DELAWARE	NO	YES (9)	YES		
FLORIDA	NO	YES	GOVERNOR MAY CEDE EXCLUSIVE JURISDICTION ON APPLICATION		
GEORGIA	YES (12)	YES			YES (13)
IDAHO	NO	YES	YES		
ILLINOIS	NO	GENERAL CESSION AND CONSENT STATUTES REPEALED			
INDIANA	NO	NO (17)			YES (17)
IOWA	NO	YES			YES (19)
KANSAS	NO	YES			YES
KENTUCKY	NO	YES	GENERAL ASSEMBLY MAY CEDE JURISDICTION IT DEEMS PROPER (21a)		
LOUISIANA	NO	YES	YES (22)		
MAINE	NO	YES	YES		
MARYLAND	NO	YES	STATE RESERVES JURISDICTION TO		
MASSACHUSETTS	NO	NO	NO GENERAL CESSION LAWS AS TO LA		
MICHIGAN	NO	YES	YES		
MINNESOTA	NO	YES (24)			YES (25)
MISSISSIPPI	NO	YES	GOVERNOR MAY CEDE PARTIAL JURISDICTION		YES (28)
MISSOURI	NO	YES			YES (29)
MONTANA	YES (30)	YES			YES
NEBRASKA	NO	YES	YES		

IONAL PROVISIONS AND STATUTES OF GENERAL EFFECT CONCERNING THE ACQUISITION OF LEGISLATI VE JURISDIC

SDICTI ON

STATE RESERVATIONS, RESTRICTIONS, CONDITIONS AND OTHER R

RRENT	PARTIAL	WRITTEN INSTRUMENT REQUIRED BY STATE	JURISDICTION RETAINED OVER PERSONS CIVIL	CRIMINAL	DESCRIPTION AND PLAT FILING	FULL POWER OF TAXATION	LIMITED GENERAL POWER OF TAXATION	PERSONAL PROPERTY TAX
SUCH NECESS	JURIS- ARY. (1)	YES	NO	NO	NO	NO	YES	YES
		NO	NO	NO	NO	NO	NO	NO
		NO	NO	NO	NO	NO	NO	NO
	YES	NO (6)	YES (7)	NO	NO	YES	YES	YES
		NO	NO	NO	NO	NO	NO	NO
		NO	NO	NO	NO	NO	NO	NO
		NO	NO	NO	NO	NO	NO	NO
EXCLU PPLICA	SIVE TION	YES	YES (11)	NO	NO	NO	NO	NO
	YES (13)	NO	YES (14)	YES (14)	NO	NO	NO	NO
		NO	NO	NO	NO	NO	NO	NO
UTES	REPEALED BY TWO ACTS OF JULY 10, 1953, - - (JONES ILLINOIS STATUTES ANN., VOL.28, 1953,CUMULA							
	YES (17)	NO	NO	NO	YES	NO	NO	NO
	YES (19)	NO	YES (19)	YES (19)	NO	NO	NO	NO
	YES	NO	YES (20)	NO	NO	NO	NO	NO
MAY CE PROPER	DE JURIS- (21a)	NO	NO	NO	NO	NO	NO	NO
		NO	NO	NO	NO	NO	NO	NO
		NO	NO	NO	NO	NO	NO	NO
RISDIC	TION TO FULLEST EXTENT PERMITTED BY CONSTITUTION AND NOT INCONSISTENT WITH GOVERN MENTAL USES							
N LAWS	AS TO LANDS DEDICATED TO MILITARY PURPOSES, BUT CEDES EXCLUSIVE JURISDICTION FOR SPECIFIED P							
		NO	NO	NO	NO	NO	NO	NO
	YES (25)	NO (26)	NO	YES	NO	NO	NO	NO
E	YES (28)	NO	YES (28)	YES (28)	NO	NO	NO	NO
ION	YES (29)	NO	NO	NO	NO	YES	YES	YES
	YES	NO	YES (31)	YES (31)	YES	NO	YES (32)	YES
		NO	NO	NO	NO	NO	NO	NO

F LEGISLATIVE JURISDICTION BY THE UNITED STATES.

CONDITIONS AND OTHER REQUIREMENTS					
LIMITED GENERAL POWER OF TAXATION	PERSONAL PROPERTY TAX	INCOME TAX	MISC. TAX PROVISIONS	OTHERS	DURATION OF JURISDICTION AS SPECIFICALLY PROVIDED FOR BY STATUTE
YES	YES	YES			SO LONG AS OWNED AND USED FOR THE PURPOSES OF CESSION.
NO	NO	NO			PUBLIC DOMAIN-SO LONG AS RESERVED FOR MILITARY: ACQUIRED-SO LONG AS OWNED
NO	NO	NO			NO PROVISION.
YES	YES	YES			SO LONG AS OWNED AND COMPLIANCE WITH SEC. 126 OF GOVERNMENT CODE (CALIF.)
NO	NO	NO			SO LONG AS OWNED.
NO	NO	NO			SO LONG AS OWNED. FOR AID OF NAVIGATION LANDS, SEE (8).
NO	NO	NO			NO PROVISION. (10)
NO	NO	NO			SO LONG AS OWNED AND USED FOR THE PURPOSES SET FORTH IN STATUTE.
NO	NO	NO		YES (15)	SO LONG AS OWNED.
NO	NO	NO			NO PROVISION
NN., VOL.28, 1953, CUMULATIVE SUPPLEMENT, p. 20, BUT SEE (16).					
NO	NO	YES (18)			NO PROVISION.
NO	NO	NO			NO PROVISION.
NO	NO	NO	YES (21)		SO LONG AS OWNED.
NO	NO	NO			UNTIL RETROCEDED OR LANDS CONVEYED TO PRIVATE OWNERS.
NO	NO	NO			SO LONG AS OWNED OR LEASED.
NO	NO	NO			SO LONG AS OWNED.
T WITH GOVERNMENTAL USES, PURPOSES AND FUNCTIONS (23).					
RDICTION FOR SPECIFIED PURPOSES.					SO LONG AS USED FOR SPECIFIED PURPOSES.
NO	NO	NO			SO LONG AS OWNED.
NO	NO	NO		YES (27)	SO LONG AS OWNED OR OCCUPIED FOR THE PURPOSES OF CESSION.
NO	NO	NO	YES (28)		SO LONG AS OWNED FOR THE PURPOSES OF CESSION.
YES	YES	YES			SO LONG AS OWNED AND USED FOR THE PURPOSES OF CESSION.
YES (32)	YES	YES		YES (33)	SO LONG AS HELD AND OCCUPIED FOR THE PURPOSES OF CESSION.
NO	NO	NO			SO LONG AS OWNED AND OCCUPIED.

ANALYSIS OF STATE CONSTITUTIONAL PROVISIONS AND

STATES	CONSTITUTIONAL PROVISION	CONSENT TO PURCHASE	CESSION OF JURISDICTION			WRIT MENT BY S
			EXCLUSIVE	CONCURRENT	PARTIAL	
NEVADA	NO	YES (34)			YES	NO
NEW HAMPSHIRE	NO	NO	YES			NO
NEW JERSEY	NO	YES	YES			NO
NEW MEXICO	NO	YES	YES			NO
NEW YORK	NO	YES	YES	GOVERNOR JURISDIC	CEDES TION	YE
NORTH CAROLINA	NO	YES	YES (42)			NO
NORTH DAKOTA	YES	YES	YES			NO
OHIO	NO	YES	YES			NO
OKLAHOMA	NO	YES	YES			NO
OREGON	NO	YES	YES			NO
PENNSYLVANIA	NO	NO (44)			YES (44)	NO
RHODE ISLAND	NO	YES	YES			NO
SOUTH CAROLINA	NO	YES	YES (47)			NO
SOUTH DAKOTA	YES	YES (48)	YES			NO
TENNESSEE	NO	GENERAL ACTS OF CESSION REPEALED			(SECTION 1, TEN	
TEXAS	YES	YES	GOVERNOR MAY CEDE JURISDICTION		YES (50)	YE
UTAH	NO	NO		YES (52)		NO
VERMONT	NO	YES (53)	YES			NO
VIRGINIA	NO	CONDITIONAL CONSENT (54)	GOVERNOR AND ATTORNEY GENERAL MAY CEDE ADDITIONAL JURISDICTION		YES (55)	YE
WASHINGTON	YES (62)	YES		YES		NO
WEST VIRGINIA	NO	YES		YES		NO
WISCONSIN	NO	YES	YES	GOVERNOR CERTIFIC	EXECUTES ATE	YE
WYOMING	NO	YES	YES			NO

AL PROVISIONS AND STATUTES OF GENERAL EFFECT CONCERNING THE ACQUISITION OF LEGISLATIVE JURISDICTION

CTI	ON		STATE RESERVATIONS, RESTRICTIONS, CONDITIONS					AND OTHER REQUI	
NT	PARTIAL	WRITTEN INSTRUMENT REQUIRED BY STATE	JURISDICTION RETAINED OVER PERSONS CIVIL	CRIMINAL	DESCRIPTION AND PLAT FILING	FULL POWER OF TAXATION	LIMITED GENERAL POWER OF TAXATION	PERSONAL PROPERTY TAX	INC T
	YES	NO	YES (35)	YES (35)	YES (36)	YES (37)	YES	YES	YES
		NO	NO	NO	YES	NO	NO	NO	NO
		NO	NO	NO	NO	NO	NO	NO	NO
		NO	NO (40)	NO	NO	NO	NO	NO	NO
OR DIC	CEDES TION	YES	NO	NO	YES	NO	NO	NO	NO
		NO	NO	NO	NO	NO	NO	NO	NO
		NO	NO	NO	NO	NO	NO	NO	NO
		NO	NO (43)	NO	NO	NO	NO	NO	NO
		NO	NO	NO	NO	NO	NO	NO	NO
		NO	NO	NO	NO	NO	NO	NO	NO
	YES (44)	NO	NO	NO	YES (45)	YES	YES	YES	YES
		NO	NO	NO	NO	NO	NO	NO	NO
		NO	NO	NO	NO	NO	NO	NO	NO
		NO	NO	NO	NO	NO	NO	NO	NO
	(SECTION 1, TENNESSEE ACTS 1943, CHAPTER 10) (49).								
	YES (50)	YES	NO	NO	NO	NO	NO	YES	NO
2)		NO	YES	YES	NO	YES	YES	YES	YES
		NO	NO	NO	NO	NO	NO	NO	NO
Y I-	YES (55)	YES (56)	YES (57)	YES (58)	NO (59)	NO	NO	YES	NO
		NO	YES (62)	YES (62)	YES	YES	YES	YES	YES
		NO	YES	YES	NO	YES	YES	YES	YES
NOR FIC	EXECUTES ATE	YES	NO	NO	YES	NO	NO	NO	NO
		NO	NO	NO	NO	NO	NO	NO	NO

LEGISLATIVE JURISDICTION BY THE UNITED STATES.

NDITIONS AND OTHER REQUIREMENTS					
LIMITED GENERAL POWER OF TAXATION	PERSONAL PROPERTY TAX	INCOME TAX	MISC. TAX PROVISIONS	OTHERS	DURATION OF JURISDICTION AS SPECIFICALLY PROVIDED FOR BY STATUTE.
YES	YES	YES	YES (38)	YES (39)	PUBLIC DOMAIN-SO LONG AS USED FOR PURPOSES RESERVED; OTHER-OWNED AND USED.
NO	NO	NO			SO LONG AS OWNED.
NO	NO	NO			SO LONG AS OWNED.
NO	NO	NO			SO LONG AS OWNED.
NO	NO	NO		YES (41)	SO LONG AS OWNED AND USED FOR PURPOSES OF CESSION.
NO	NO	NO			SO LONG AS OWNED.
NO	NO	NO			NO PROVISION.
NO	NO	NO			SO LONG AS OWNED.
NO	NO	NO			SO LONG AS OWNED.
NO	NO	NO			NO PROVISION.
YES	YES	YES			SO LONG AS USED (46).
NO	NO	NO			NO PROVISION.
NO	NO	NO			SO LONG AS OWNED.
NO	NO	NO			SO LONG AS OWNED AND OCCUPIED.
O	YES	NO	YES (51)		SO LONG AS OWNED, USED AND OCCUPIED FOR PURPOSES OF CESSION.
ES	YES	YES			SO LONG AS OWNED, HELD, OR RESERVED FOR PURPOSES OF CESSION.
O	NO	NO			SO LONG AS HELD AND OCCUPIED FOR PUBLIC PURPOSES.
O	YES	NO	YES (60)	YES (61)	SO LONG AS OWNED AND USED FOR PURPOSES OF CESSION.(REVERTS IF NOT USED FOR 5 YEARS.)
YES	YES	YES			SO LONG AS OWNED AND USED FOR PURPOSES OF CESSION.(REVERTS IF NOT USED FOR 5 YEARS.)
YES	YES	YES			SO LONG AS OWNED AND USED FOR PURPOSES OF CESSION.(REVERTS IF NOT USED FOR 5 YEARS.)
NO	NO	NO			SO LONG AS OWNED.
	NO	NO			SO LONG AS OWNED.
NO					

NOTES TO PRECEDING ANALYSIS:

(1) ALABAMA - Whether the State retains civil or criminal jurisdiction over persons in the territory acquired by United States depends on the type of jurisdiction ceded to United States by Governor. The State reserves the right to exercise over Government lands all jurisdiction which may be released or receded by the United States to the State.

(2) ARIZONA - Includes public domain land reserved or used for military purposes.

(3) ARKANSAS - Concurrent jurisdiction over wildlife in national forests ceded to the United States.

(4) CALIFORNIA - State Constitution requires the United States to conform to State laws with respect to water on lands acquired by the United States.

(5) CALIFORNIA - County Board of Supervisors may acquire and convey lands to United States for any military purposes. Legislative body of a local agency may acquire and convey land which it owns to United States for Federal purposes. Governor, on application by a duly authorized agent, may convey to the United States any tract of land, not exceeding 10 acres, belonging to the State and covered by navigable waters for aids to navigation.

(6) CALIFORNIA - Certified copies of the State Lands Commission's orders or resolutions to be filed in office of the California Secretary of State and recorded in the County where the land is situated.

(7) CALIFORNIA - Reserves all civil and political rights, including the right of suffrage, to all persons residing in ceded territory.

(8) CONNECTICUT - Lands in aid of navigation conveyed by the State to the United States revert to the State if not built on within five years or United States abandons use of land for such purposes.

(9) DELAWARE - Consent given to acquisition of not exceeding 100 acres for forts, magazines, arsenals, and dock yards, 10 acres for lighthouses, 1 acre for any life saving station in any one place or locality.

(10) DELAWARE - Title to land acquired for aids to navigation escheat to State if construction thereon not commenced within two years and completed ten years thereafter.

NOTES TO PRECEDING ANALYSIS (continued)

(11) **FLORIDA** - Any person in the service of the United States Government living within the borders of the State is deemed a resident for the purpose of maintaining any suit in chancery or action at law.

(12) **GEORGIA** - State constitution permits any resident of a United States Army Post or military reservation within the State for one year to bring an action for divorce in any adjacent county.

(13) **GEORGIA** - State cedes exclusive jurisdiction over wildlife in national forests to United States.

(14) **GEORGIA** - State retains civil and criminal jurisdiction over persons in ceded territory, except territory used by the Department of Defense. But see footnote (12) *supra*.

(15) **GEORGIA** - State retains jurisdiction over the regulation of public utility services in any ceded territory.

(16) **ILLINOIS** - Act granting to the United States right to enter upon and take possession of small parcels or tracts of land lying within Illinois on waters of Ohio and Wabash Rivers not repealed.

(17) **INDIANA** - Exclusive jurisdiction granted United States over sites for river improvements. State consents to the United States purchasing lands lying on the banks of Ohio or Wabash Rivers for river improvements, and cedes exclusive jurisdiction and rights of assessment and taxation over such lands.

(18) **INDIANA** - State reserves right to tax gross receipts or income of any person, firm, partnership, association, or corporation which is received on account of performance of contracts or other activities upon lands acquired for post offices, custom-houses, or other structures used for Government purposes, but not including lands acquired for light-house sites or river improvement.

(19) **IOWA** - United States may exercise jurisdiction over acquired lands, but not to the extent of limiting the provisions of the laws of the State. State reserves concurrent criminal jurisdiction over lands held by United States, except when used for naval or military purposes.

(20) **KANSAS** - A resident of any United States Army Post or military reservation within the State for one year may bring an action for divorce in any adjacent county.

NOTES TO PRECEDING ANALYSIS (continued)

(21) **KANSAS** - State reserves right to tax the property and franchises of any railroad, bridge, or other corporations within the boundaries of such lands.

(21a) **KENTUCKY** - Commonwealth consents to any retrocession by the United States of lands within its boundaries whenever the United States shall cease to exercise jurisdiction over such lands. The conveyance of lands to private owners is deemed to constitute a retrocession.

(22) **LOUISIANA** - State cedes exclusive jurisdiction over wildlife in national forests to United States.

(23) **MARYLAND** - Prior to 1947, State ceded exclusive jurisdiction over lands acquired for custom houses, courthouses, postoffices, aids to navigation, and military purposes; and partial jurisdiction for other public purposes. It might be argued that since the United States Constitution does not require the acquisition by the United States of any jurisdiction it was the intent of the Maryland legislature to retain to the State full jurisdiction and that the United States can acquire only a proprietorial interest over lands in that State. On the other hand, it might be contended that since the State had previous to the 1947 statute ceded exclusive jurisdiction, the legislature only intended to reserve concurrent jurisdiction by that statute and now offers to cede that measure of jurisdiction to the United States.

(24) **MINNESOTA** - Consent to purchase given by Land Exchange Commission, upon application of the United States.

(25) **MINNESOTA** - State cedes exclusive jurisdiction in or over any place owned or acquired by the United States for any purpose specified in Section 1.042 required by or under the Constitution or laws of the United States.

(26) **MINNESOTA** - Consent to acquisition of land or exercise of jurisdiction by United States evidenced by certificate of Governor.

(27) **MINNESOTA** - State retains right to protect, regulate, control, and dispose of any property of the State therein.

NOTES TO PRECEDING ANALYSIS (continued)

(28) **MISSISSIPPI** - State cedes exclusive jurisdiction to the United States over lands acquired for custom houses, post offices or other public buildings, and over wildlife in national forests. For any other public works or purposes, the Governor, upon application of the United States, is authorized to cede jurisdiction for the purpose of the cession; however, such cession of jurisdiction does not prevent the laws of Mississippi from operating over such land. United States may also acquire lands for roadways or parkways over which State cedes partial jurisdiction, reserving, however, the right to tax sales of motor fuels and persons and corporations on roads and parkways.

(29) **MISSOURI** - State consents to United States' acquisition of exclusive jurisdiction over land for Internal Revenue and other Government offices (other than those required for military purposes), hospitals, sanitariums, fish hatcheries, and land for reforestation, recreational and agricultural uses.

(30) **MONTANA** - State Constitution grants exclusive jurisdiction to United States over Fort Assinaboine, Fort Custer, Fort Keogh, Fort Maginnis, Fort Missoula and Fort Shaw so long as they remain military reservations. General cession laws provide that the jurisdiction of the United States over other places is qualified by the terms of cession, or the laws under which such land was purchased or condemned.

(31) **MONTANA** - By general cession laws, State reserves right to serve and execute civil or criminal process in any suits or transactions for or on account of any rights obtained, obligations incurred, or crimes committed in this State, within or without such territory.

(32) **MONTANA** - By general cession laws, State reserves right to tax persons and corporations, their franchises and property within said territory.

(33) **MONTANA** - State reserves to its inhabitants and citizens the right to fish and hunt; and State reserves the right of access, ingress and egress to and through said ceded territory to all persons owning or controlling livestock for the purpose of watering the same. State also reserves jurisdiction to enforce laws relating to the duties of the Livestock Sanitary Board and the State Board of Health, and their regulations.

NOTES TO PRECEDING ANALYSIS (continued)

(34) **NEVADA** - State consents to Federal acquisition of land required by Department of Defense or Atomic Energy Commission; as to other lands, except lands or water rights located within existing national forests, State consent given by concurrence of a majority of the members of the State Tax Commission, which majority shall include the Governor.

(35) **NEVADA** - State reserves right to serve any criminal or civil process upon land acquired for the Department of Defense or Atomic Energy Commission for any cause there or elsewhere in the State arising. Except for lands acquired for the purposes expressly provided for in Article I, Section 8, Clause 17, of the United States Constitution, State reserves jurisdiction over all civil and criminal cases, and to all persons residing on such land all civil and political rights, including the right of suffrage.

(36) **NEVADA** - Map required only for lands acquired by Department of Defense or Atomic Energy Commission.

(37) **NEVADA** - On lands acquired by Department of Defense or Atomic Energy Commission, State reserves only the right to tax private property.

(38) **NEVADA** - On lands acquired by United States, other than for the Department of Defense or Atomic Energy Commission, United States must make tax payments or in lieu of tax payments, unless the State waives same.

(39) **NEVADA** - Except land acquired by Department of Defense or Atomic Energy Commission, State reserves the right to control, maintain, and operate all State highways constructed upon land acquired by the United States.

(40) **NEW MEXICO** - Persons residing on lands ceded to the United States may establish residence for voting purposes. Military personnel who have been continuously stationed on any military base or installation in the State for one year shall be deemed residents of the State and County where such base or military installation is located for maintaining an action for divorce.

(41) **NEW YORK** - Aside from certain exceptions, cession laws (Article 4) do not apply to Orange County.

NOTES TO PRECEDING ANALYSIS (continued)

(42) NORTH CAROLINA - State retained concurrent criminal jurisdiction over lands acquired by United States between 1905-1907 for purposes specified in Section 104-1. State cedes exclusive jurisdiction over wildlife in national forests.

(43) OHIO - Officers, employees, or inmates of any national asylum for disabled volunteer soldiers and infirm or disabled soldiers who are inmates of a national home may exercise the right of suffrage, if otherwise qualified.

(44) PENNSYLVANIA - No general cession laws as to lands dedicated to military purposes. State cedes partial jurisdiction to United States over lands not to exceed ten acres to be used for purposes of erecting post offices, custom houses, or other structures exclusively owned and used by United States. State consents to acquisition by United States, by purchase or otherwise, of lands for dams, locks, etc., over which United States is given concurrent jurisdiction.

(45) PENNSYLVANIA - Not required for lands acquired for dams, locks, etc.

(46) PENNSYLVANIA - No provision for lands acquired for dams, locks, etc.

(47) SOUTH CAROLINA - Certain statutes enacted prior 1908 ceding lesser jurisdiction to United States carried in Code.

(48) SOUTH DAKOTA - Tracts acquired for public buildings shall not exceed ten acres.

(49) TENNESSEE - By acts 1867, State ceded exclusive jurisdiction to the United States over lands thereafter acquired for national cemeteries. Notarial acts performed by any commissioned officer in active service of the armed forces may be filed or used in any court in the State. Persons residing on Federal territory within the boundaries of State for one year meet residence requirements for adoption purposes.

(50) TEXAS - Governor cedes jurisdiction after application for such by United States.

NOTES TO PRECEDING ANALYSIS (continued)

(51) **TEXAS** - State reserves right to tax personal property as well as any portion of the Government lands and improvements which are used by any person, association, firm or corporation in a private capacity or to conduct a private business.

(52) **UTAH** - Includes lands held by United States under lease, use permit, or reserved from the public domain.

(53) **VERMONT** - Consent not given to land acquisition for flood control purposes or for other needful buildings unless and until acquired by the State and conveyed to United States with written approval of Governor.

(54) **VIRGINIA** - Unconditional consent given for acquisition of post offices.

(55) **VIRGINIA** - State retains concurrent jurisdiction so far as it lawfully can over lands acquired by the United States prior to 1919 over which the United States obtained jurisdiction.

(56) **VIRGINIA** - Deed required when jurisdiction in addition to what is granted in Sections 7-18, 7-19 and 7-21 is requested by the head or other authorized officer of any department or agency of the United States (Section 7-24, Code of Virginia, 1950). Under the last-mentioned section, exclusive jurisdiction may be ceded by deed executed by the Governor and the Attorney General.

(57) **VIRGINIA** - For all purposes of the jurisdiction of the courts of Virginia over persons, transactions, matters and property on such lands, the lands are deemed to be a part of the county or city in which they are situated.

(58) **VIRGINIA** - Over all lands acquired by or leased or conveyed to the United States pursuant to the conditional consent conferred, the State cedes to the United States concurrent jurisdiction, legislative, executive and judicial, with respect to the commission of crimes and the arrest, trial and punishment therefor.

(59) **VIRGINIA** - Filing of description required for acquisition of waste and unappropriated lands.

NOTES TO PRECEDING ANALYSIS (continued)

(60) **VIRGINIA** - State reserves the power to levy a tax on oil, gasoline and all other motor fuels and lubricants owned by others than the United States and a tax on the sale thereof on such lands, except sales to the United States for use in the exercise of essentially governmental functions.

(61) **VIRGINIA** - The State further reserves the right to license and regulate, or to prohibit, the sale of intoxicating liquors on any such lands and to tax all property, including buildings erected thereon, not belonging to the United States and to require licenses and impose license taxes upon any business or businesses conducted thereon.

(62) **WASHINGTON** - Constitutional consent given to the United States' exercising exclusive legislation over land then held or reserved by the United States. General cession laws cede concurrent jurisdiction to the United States, saving cessions of jurisdiction before Act, but expressly reserving such jurisdiction and authority over land acquired or to be acquired by the United States as is not inconsistent with jurisdiction ceded to the United States. Statutory consent given to the United States to exercise exclusive legislation over lands acquired by donations from any county.

CHAPTER VI

JURISDICTIONAL PREFERENCES OF FEDERAL AGENCIES

Basic grouping of jurisdictional preferences. Federal agencies can be divided into three groups as to their views of their legislative jurisdictional needs. Those in the first group feel that their functions are carried on most effectively when the United States acquires exclusive legislative jurisdiction - or some shade of partial jurisdiction approaching exclusive - over the sites of some of the installations under their management; the second group consists of agencies which consider concurrent legislative jurisdiction most suited to their requirements; and the third and largest group is made up of agencies which consider that only a proprietorial interest in the Federal Government, with legislative jurisdiction left in the States, best suits the requirements of their operations.

Agencies preferring exclusive or partial jurisdiction. The group preferring exclusive or partial legislative jurisdiction includes the Veterans' Administration (which states that it desires exclusive jurisdiction, or at least concurrent jurisdiction, over all its installations except office buildings in urban areas, as to which a proprietorial interest only is deemed satisfactory), the National Park Service of the Department of the Interior (which desires to have partial jurisdiction over national parks and over national monuments of large land area), and the three military departments, the Department of the Army (which desires to procure or retain exclusive as well as other forms of legislative jurisdiction over various individual installations on an individually determined basis, except as to land dedicated to civil projects of the Corps of Engineers, for which only a proprietorial interest in the United States as may be necessary is deemed best suited), the Department of the Navy (which desires an exclusive or certain partial legislative jurisdiction for its major installations, on an individually determined basis), and the Department of the Air Force (which desires a partial legislative jurisdiction but which would find concurrent legislative jurisdiction acceptable under certain conditions). Also, the Bureau of the Census and the Civil Aeronautics Administration of the Department of Commerce each consider that no less than an existing exclusive or partial legislative jurisdiction is best suited to one certain Federal property which each occupies.

Agencies preferring concurrent jurisdiction. The group preferring, in special situations, concurrent jurisdiction for certain of its properties consists of the General Services Administration (which finds a proprietorial interest sufficient for general purposes but, in the event of a failure to secure certain statutory changes hereinafter recommended, would desire concurrent jurisdiction for limited areas requiring special police services), the Department of Health, Education, and Welfare (which desires such jurisdiction for a small number of properties in special situations, but which considers a proprietorial interest generally satisfactory), the Department of the Navy (which desires such jurisdiction, but alternatively would not find only a proprietorial interest grossly objectionable, as to all properties other than the major properties for which it determined exclusive or partial legislative jurisdiction most desirable), the Bureau of Prisons of the Department of Justice (which desires concurrent legislative jurisdiction for its installations in which prisoners are maintained), the Bureau of Public Roads of the Department of Commerce (which desires concurrent jurisdiction for five installations), and the Department of the Interior (which considers that this status may be desirable for certain wildlife areas).

Agencies preferring a proprietorial interest only. The last and largest group, which desires for its properties only a proprietorial interest in the United States, with legislative jurisdiction left in the States, includes all Federal agencies not mentioned in the two paragraphs above which occupy or supervise real property of the United States and, as to certain of their properties, several of the mentioned agencies. Among the major land-holding agencies in this third group are the Department of the Interior as to the great bulk of its lands, the Department of Agriculture, the General Services Administration for all of its properties (except those as to which concurrent jurisdiction is required unless certain amendments to its authority to furnish special police services are enacted), the Tennessee Valley Authority (which reserved judgment as to whether one certain installation should be under an exclusive jurisdiction status for security reasons), the Atomic Energy Commission, the Department of the Treasury, the Housing and Home Finance Agency, the Department of Health, Education, and Welfare as to most of its properties, and the International Boundary and Water Commission. The Central Intelligence Agency and the Immigration and Naturalization Service of the Department of Justice hold relatively minor amounts of real property but it is interesting to note, in view of the security aspects of their operations, that they are also included in the group which desires only a proprietorial interest for their properties.

Lands held in other than the preferred status. One of the facts which early came to the attention of the Committee is that while many Federal agencies have more or less definite views as to what legislative jurisdictional status is best suited for their lands in the light of the purposes to which the lands are put, they often hold large proportions of such lands in different status. The Central Intelligence Agency and the United States Information Agency are the only Federal agencies which hold all their properties solely in the status (proprietorial interest only) which they consider best for their purposes.

Where, as is usually the case, the lands are held with more jurisdiction in the United States than is considered best by the Federal agency concerned, the explanation often, and with most agencies, lies in the fact that jurisdiction was acquired prior to February 1, 1940, during the 100 year period when it was generally mandatory under Federal law (R.S. 355, see Appendix B) that agencies procure the consent of the State to purchase of land (whereby the United States acquired exclusive legislative jurisdiction over such land by operation of Article I, Section 8, Clause 17, of the Constitution). In other instances the land was acquired by transfer from other agencies which preferred a status involving more jurisdiction in the United States than is desired by the agency presently utilizing the property. The latter is particularly true of the Atomic Energy Commission, the Department of Agriculture, and other agencies desiring little or no legislative jurisdiction, which now hold certain lands originally acquired by one of the military departments. In still other instances an agency has been required by old Federal statutes, or by newer legislation patterned on old statutes, to acquire a particular type of jurisdiction over land to be utilized for certain purposes. The last reason applies to lighthouse sites and certain other Coast Guard properties, as to which Section 4661 of the Revised Statutes of the United States; 33 U.S.C. 777 (see Appendix B), requires acquisition of jurisdiction, and to national park areas under the supervision of the Department of the Interior, the jurisdictional status of which is fixed with few exceptions by statutes pertaining to individual such areas, which statutes for many years apparently have been patterned on similar pre-existing laws.

Another basic cause of an excess of jurisdiction in the United States, and of some lack of desired jurisdiction, is that with only three exceptions (Alabama, Florida, and Virginia) the States in their general consent or cession statutes rigidly fix the quantum of jurisdiction available to the Federal Government, which measure of jurisdiction is accepted by Federal agencies actually desiring a lesser measure in order to avoid requirement for requesting special State legislation. In this connection it may be noted that while Federal law (R.S. 355, as amended) currently grants authority to Federal administrators to acquire only such jurisdiction as they deem necessary, State laws with the three exceptions noted are not designed to permit any accommodation to differing Federal needs. A further basic cause of an excess of jurisdiction in the United States is the fact, already mentioned, that while Federal law gives authority (with minor exceptions) to Federal administrators to acquire jurisdiction, it does not (with similarly minor exceptions) give them like authority to dispose of jurisdiction once it is acquired.

Where, on the other hand, the lands of an agency are held with less jurisdiction in the United States than is considered best by the Federal agency concerned, the most frequent explanation would appear to be that the State law does not permit the acquisition of the type of legislative jurisdiction desired. The Veterans'Administration, while desiring exclusive jurisdiction (or at least concurrent jurisdiction) in nearly all cases, has accepted no jurisdiction over its more recent acquisitions in California because of what it considers the onerous procedural provisions of the California cession statute and the indefinite nature of the jurisdiction acquired once the procedures have been completed.

Lack of firm agency policy with respect to the quantum of jurisdiction which should be acquired for various types of agency installations is also responsible for many instances in which less jurisdiction than deemed desirable is had by an agency over various of its properties. The Navy, for example, has indicated that its practice has been to acquire legislative jurisdiction over its installations only after the local commander has submitted a justified request for such acquisition. The Committee has received information from several agencies, and the replies of several other agencies suggest the same fact, that until the present study had focused their attention to matters relating to jurisdiction, many Federal agencies had developed no policy in this field. This has been responsible for the acquisition of an excess of jurisdiction more often than of too little jurisdiction, but has been an apparently significant factor in each case. The Committee feels that if its work served no other purpose than has already been accomplished in stimulating the agencies to a study of their own policies, practices and procedures with respect to acquisition of legislative jurisdiction it will have been worthwhile.

Difficulty of obtaining information concerning jurisdictional status. Another factor of considerable significance which has been brought to light by the work of the Committee has been the incompleteness and inaccuracy of agency land records as to the jurisdictional status of the lands held. In many cases the opinion expressed by an agency as to the type of jurisdiction that existed over a particular installation differed from that expressed by the local commander or manager of the installation. In still other cases no information or opinion whatever appeared to be readily available on the subject. Unfortunately, these situations are confined to no few agencies, but exist rather generally.

Six States (Alabama, California, Florida, New York, Texas, and Virginia) have requirements set out in their general consent or cession laws for the filing of information concerning jurisdictional status with the governor or secretary of state, or the city or county or court clerk or registrar with whom title records are required to be filed. To the extent that such State laws apply, information on the jurisdictional status of an area is available to all interested parties. Otherwise such information apparently may be unavailable except perhaps after considerable research by a person skilled in the law relating to this intricate subject, since jurisdictional status may in a given case depend on a special rather than a general State consent or cession statute, upon acceptance by a Federal administrator, and upon other factors.

CHAPTER VII

ANALYSIS OF FEDERAL AGENCY PREFERENCES

A. General

Determinations concerning jurisdictional needs. One of the basic aims of the Committee is to assist Federal agencies, in the light of all the information gathered by the Committee, in determining the actual needs of their installations and activities with respect to legislative jurisdiction. The Committee desires to stress that while it has indicated, in some instances with considerable definiteness, the jurisdictional status which the properties of the several agencies should have, it is of course the individual agencies which have responsibility for their operations, and it is the agencies, not the Committee, which must make the final decision.

Every Federal agency having an interest in matters affected by legislative jurisdiction, and each Federal installation located on federally owned ground in the three sample States (Virginia, Kansas, and California) was specifically requested to indicate the jurisdictional status of its land, any jurisdictional status which the agency or installation supervisor might prefer, the advantages and disadvantages to Federal operations of the several types of jurisdictional status, and the problems which had been experienced out of any matter related to legislative jurisdiction. In addition, the Committee gained a considerable insight into the manifold problems arising out of varying jurisdictional statuses through the many hundreds of Federal and State judicial decisions, and legal opinions, memoranda, and letters on this subject prepared by Federal agency officials, State Attorneys General, and others, which were brought to the attention of the Committee by the various cooperating agencies and officials.

B. Views of Agencies Desiring Exclusive or Partial Jurisdiction

State interference with Federal functions. The views of the Veterans' Administration, the National Park Service of the Department of the Interior, the Bureau of the Census and the Civil Aeronautics Administration of the Department of Commerce, and the three military departments, most nearly follow the traditional Federal policy, almost uniform prior to 1940, that the United States needs to acquire exclusive legislative jurisdiction over the sites of its installations if it is to perform its Constitutional functions effectively. The Army report, which is very similar in this respect to a Marine Corps report, has perhaps expressed the basic reasoning underlying this traditional Federal view most effectively in its discussion of the reason numerous local commanders have urged the acquisition of exclusive legislative jurisdiction. The Army report states:

> This is understandable when it is considered that a post commander is charged with the administration, protection, security, safety, and care of the properties under his control, including, in a limited sense, the conduct and activities of the personnel within such areas. Such a commander should, of course, be free in the above respects with the least possible interference by State or local authorities.

Whether the carrying out of these responsibilities is substantially related to the jurisdictional status of the site of the installation will bear further examination.

Direct interference. Freedom from interference in their operations by State and local authorities is, indeed, mentioned as a desirable factor by the Navy, Air Force and Veterans'Administration as well as the Army, and in the answers of numerous local managers or commanders of installations of these and various other agencies. While each of the agency answers to Questionnaire A indicates that the reporting agency is fully aware of the constitutional immunity of Federal functions from any direct State interference, it would appear that there is an understandable lack of such knowledge on the part of some local commanders and managers. However, notwithstanding knowledge of immunities apart from those flowing from jurisdictional status, these agencies believe that exclusive jurisdiction aids them in securing freedom from State and local interference. As stated in the Navy report:

> The principle that the Federal Government enjoys a constitutional immunity from interference by the States is clearly established. But the boundaries of that immunity are by no means well-established . . . . If a State has concurrent jurisdiction over an installation and a conflict occurs as to the applicability of State law, an assertion of Federal immunity having been made, it is true that the issue may ultimately be resolved in favor of immunity, but the delay, expense and effort involved in establishing such immunity, are, in fact, almost as much an interference as would be actual control by the State.

Almost the identical thought has been expressed by the Veterans' Administration. That agency states:

> Circumstances and exigencies do not always accommodate themselves to extended litigation to determine the fine line of demarcation between Federal and State jurisdictions.

Four basic reasons have been advanced by the Veterans' Administration for preferring exclusive legislative jurisdiction. These are that such a jurisdictional status obviates: (1) conformance to local building codes, (2) State or local interference in hospital operations as regards boiler plant operation, or sanitation, water, or sewage disposal arrangements, (3) confusion as to police authority, and (4) requirements for compliance with numerous and varied State and local licensing and inspection practices, such as any requirement with respect to State licensing of Administration physicians.

The question of compliance by the agency with various types of State and local statutes enacted under the police powers of the States, statutes designed for the protection of the health and safety of the public, apparently is the principal basis of the concern on the part of the Veterans' Administration, and indeed is a matter on which concern was expressed by several other agencies. Among the types of statutes and regulations involved aside from those regulating matters mentioned by the Veterans' Administration, are health regulations, fire prevention regulations, elevator inspection codes, vehicle inspection laws, and others of a like nature. The immunity of Federal operations such as those conducted by the Veterans' Administration and each of the other agencies raising this question from State interference stems not from Federal jurisdiction over the land upon which the operations are conducted but is incident to the status of the operations as functions vested in the Federal Government by the Constitution. The Federal Government's constitutional immunity from direct State interference with the carrying out of Federal functions would appear to be clearly established. The Committee therefore views the acquisition of any measure of Federal jurisdiction unnecessary in order to secure freedom from any direct interference in this field.

The Veterans' Administration's concern (reason number 3), that a jurisdictional status other than exclusive jurisdiction in the United States might lead to confusion as to police authority over the area, would not appear to find support in the cases of its reporting installations as to which the United States has other than exclusive jurisdiction, none of which has reported any such confusion. It appears to be a fact, on the other hand, that in some instances local police presently are rendering service on Veterans' Administration installations under the exclusive jurisdiction of the United States, in cooperation with the managements of such installations, which services very likely involve extra-legal arrests and other actions.

Various bureaus of the Department of the Interior have expressed concern as to whether, in the absence of exclusive jurisdiction, controversies with the States over compliance with State hunting license, bag limit, open season and similar fish and game regulations in carrying out programs of reduction of game over-population on certain properties and extermination of carp and similar harmful species in the waters thereof will not increase. The Committee agrees with the Department in its view that just as the Department may not be prevented from carrying out such programs on its lands, even though it has acquired no Federal legislative jurisdiction over them, a State cannot control the manner in which it carries them out. See Hunt v. United States, 278 U.S. 96 (1928).

The implication of the mentioned remarks by the Department of the Navy, the Veterans' Administration, and the Department of the Interior might appear to be that Federal and State authorities are in a constant state of conflict over the application of State authority to Federal reservations. But specific information received from the many hundreds of local installations in Virginia, Kansas and California would indicate that just the opposite is actually the case. Replies of these individual installation managers to Questionnaire B give an almost uniform picture of harmony and good relations between themselves and State and local officials. The State and local authorities would appear without significant exception to cooperate fully with Federal officials where such cooperation on their part is desired, and to adopt a "hands-off" attitude as to those aspects of the installations' activities where it is the desire of the Federal officials that they do so. And this would appear to be the case irrespective of the jurisdictional status of the site of the Federal installation.

While it is true that the hundreds of court decisions, legal opinions, memoranda of law, and similar material dealing with conflicts that have arisen in this field would indicate that such harmonious relations have not always existed, it would appear that as of the present time the relations between State and local officials are generally on a "live-and-let live" basis. In addition, an examination of the synopses of this material by the Committee has led it to the belief that a very large proportion of the conflicts dealt with problems that no longer exist (e.g., taxation questions now no longer in existence by virtue of the Buck Act, Federal Aid Highway Act (Hayden-Cartwright Act) and similar enactments) or with matters where the Federal Government could have secured immunity on either of two grounds - exclusive legislative jurisdiction in the United States or Federal Constitutional immunity from State interference, and on whichever ground the Federal Government has stood it has similarly prevailed. The history of the existence of conflicts with respect to activities carried out on exclusive legislative jurisdiction lands establishes, moreover, that all conflicts cannot be avoided by recourse to acquisition of exclusive legislative jurisdiction.

To summarize, in the field of the application of the police powers of the State to the activities of the Federal Government - there can be no application of State authority based on the exercise of such power directly to the Federal Government or its instrumentalities. Thus, whatever immunity from direct State interference is required by an installation manager or commander in the performance of his Federal functions would appear to be sufficiently guaranteed to him by constitutional provisions other than that dealing with exclusive legislative jurisdiction and those problems envisaged in determining the boundaries of this Federal immunity do not appear to have arisen in actual practice to any significant degree. The fact that they have arisen, and in exclusive jurisdiction areas, demonstrates that exclusive jurisdiction is not a panacea for avoiding such problems.

After careful consideration of the foregoing the Committee is constrained to the view that the necessity for avoidance of direct State or local interference with Federal activities is entitled to little weight as a factor in determining the need for exclusive legislative jurisdiction on the part of the Federal Government.

Indirect interference. A matter of considerable significance to the agencies which have favored exclusive jurisdiction for their installations within the States is the lack of immunity of the Federal Government and its instrumentalities, in the absence of such jurisdiction, from certain indirect State interference with, or certain regulation and control of, various activities at the installations. By "indirect" is meant a control or interference accomplished by controlling or regulating private persons, corporations or agencies that are in the position of employees of the Federal Government or are acting as its suppliers, contractors, or concessionaires rather than by a direct impingement of State authority upon an arm of the Government. The Army, for instance, expresses concern over the adverse effect State miscegenation statutes might have on its troop employment and assignment procedures if less than exclusive legislative jurisdiction is had over bases within States having such laws in effect. It is noted by the Committee, however, that the Army presently has less than exclusive jurisdiction over numerous bases without apparent adverse effect in this respect. The Department of the Navy envisages increased procurement costs as to items subject to State minimum price regulations if deliveries are made in areas not within the exclusive jurisdiction of the United States, although the General Counsel of that Department is inclined to believe that this factor alone would not justify the acquisition of exclusive legislative jurisdiction. Each of the military departments expresses the opinion that lack of exclusive legislative jurisdiction would subject the sale, possession and consumption of alcoholic beverages on military reservations to a very large measure of indirect State control. However, it is not suggested that such control is a seriously adverse factor with respect to the many reservations now under less than exclusive jurisdiction. While these problems are not the sole examples of indirect State control and regulation, they serve to illustrate the varied types of problems with which the land managing agencies may be required to cope in areas where they do not have exclusive legislative jurisdiction.

Most of the problems which can be ascribed to indirect State interference which Federal agencies and their instrumentalities encounter with respect to installations over which the United States does not exercise exclusive jurisdiction arise from attempts by the States to apply, indirectly, either their taxing or their police powers to Federal activities. As to the taxing power, it is clear that the Federal Government enjoys no general immunity from the economic burden of State taxes imposed on its contractors. Alabama v. King & Boozer, 314 U.S. 1 (1941). Any immunity in this regard must flow from the exclusive jurisdictional status of the site upon which the taxable transaction occurs or the taxable object is located. At the present time the financial savings which accrue to the United States by virtue of this immunity would appear not to be significant in view of Congress' consent to the applicability of State taxes on gasoline sales, other sales and uses, and income earned on Federal reservations regardless of the jurisdictional statuses of the reservations. However, the losses to the States because of their inability to tax privately owned property located on exclusive jurisdiction areas is obviously considerable, although only in relatively rare cases does the United States receive direct benefit from immunity of private property from taxation.

Where license or similar charges, or minimum price laws, imposed under the police power of the State are involved, there would appear to be some advantage to exclusive legislative jurisdiction being vested in the United States. If suppliers of agencies of the United States or their instrumentalities are to enjoy freedom from the applicability of State minimum resale price laws, for example, it must be considered that in the absence of Congressional restrictions on the States the suppliers can derive such freedom only from the fact that the sale took place on lands under the exclusive legislative jurisdiction of the United States. The cases of Penn Dairies, Inc. v. Milk Control Commission, 318 U.S. 261 (1943) and Pacific Coast Dairies v. Department of Agriculture of California, 318 U.S. 285 (1943) would appear to have made at least that much clear.

The alcoholic beverage control laws and regulations of the States would appear to be a source of potential conflict should the United States relinquish its exclusive jurisdiction over lands in which the Federal occupant thereof deals in such beverages. The Federal Government enjoys a considerable amount of freedom from indirect State control in its dealings, through such instrumentalities as officers and non-commissioned officers messes, in alcoholic beverages where such dealings are confined to areas under the exclusive jurisdiction of the United States. Concessionaires of the Government also participate in this freedom. Though the freedom has not gone unchallenged, judging by the large number of legal opinions in which the chief law officers of the various departments have had to defend it, it has been firmly established since the case of Collins v. Yosemite Park Co., 304 U.S. 518 (1937). That case laid down the principle that shipments from an out-of-State supplier to a consignee within a reservation under the exclusive jurisdiction of the United States are not importations into the State within the meaning of the Twenty-first Amendment and therefore not subject to control by the State under authority of that amendment. Where the United States does not have exclusive jurisdiction, however, the police power of the State as expressed in its alcoholic beverage control laws and regulations, would appear to have a considerable impact on Federal installations. Although there can be no direct interference by the State with Federal instrumentalities, the indirect effects would be considerable, since to a large extent State regulation in this field is exercised through the control, regulation and licensing of distributors, wholesalers, warehousemen and like persons. In addition, where sales of alcoholic beverages are handled by concessionaires, as is the case in certain national parks under the administration of the Department of the Interior, the power of the State over such sales and all incidents connected therewith would appear to come under the complete control of the States.

The Committee finds that while the United States and its instrumentalities are not directly subject to State and local laws and regulations which have the effect of impeding Federal use of property, regardless of the legislative jurisdictional status of the property involved, such laws and regulations in some instances indirectly may affect Federal activities to some degree on property which is not immunized from them by its jurisdictional status.

On the other hand, assuming all immunization possible, as by the procurement for an area of exclusive Federal legislative jurisdiction, laws and regulations enacted under the authority of the State may have an even more objectionable effect. Many State-enacted police power regulations would be carried over as Federal laws under the rule of international law discussed earlier. Because such laws eventually become obsolete, compliance with them would have an even more objectionable effect than compliance with similar, but more up-to-date, State regulatory measures. Under an exclusive legislative jurisdiction status, builders, contractors, and similar persons operating for the Federal Government on a Federal area may be required to comply with the obsolete laws to avoid liability in the event of misadventure, for otherwise they could be held liable in a personal action by an injured party under some circumstances.

It is noted by the Committee that each of the Federal agencies which indicates a preference for a jurisdictional status for its properties which would insulate such properties from application of State laws and regulations presently conducts its activities to a considerable extent and without apparent serious handicap on properties not so insulated.

The Committee feels that weight must be given to all these and other factors in determining whether exclusive legislative jurisdiction, or appropriate partial jurisdiction, is desirable for installations on which various Federal activities are conducted, and it further feels that in the usual case the balance will be on the side of not vesting exclusive or partial jurisdiction in the Federal Government.

Security. Several agencies have suggested that exclusive (or, in some cases, at least concurrent) jurisdiction is necessary to provide adequately for the physical security of their installations. Although there was no precise definition of the word "security" by the Committee or any of the reporting agencies, it is assumed that all agencies using the term had roughly equivalent understandings of what the term embraced. As used in the present section of this report it should be taken to mean the protection afforded an installation by internal and external measures to control the entrance and departure of all persons into or from the installation and to prevent the unauthorized entry or departure by force or covert means of any persons, to prevent the unauthorized removal of Government property by persons leaving the installation, and all other measures taken by the manager or commander to prevent depredation of Government property, or subversion, sabotage, or similar activities within the installation.

Although security of the installation has been given by several agencies as a reason for desiring legislative jurisdiction (e.g., Army, Air Force, Veterans'Administration, Bureau of Public Roads), the two agencies with perhaps the greatest need for the security of their installations, the Atomic Energy Commission and the Central Intelligence Agency, indicate that they have experienced no difficulties in enforcing strict security requirements in any of their installations despite the fact that most of the sites are held under only a proprietorial interest. Furthermore, the Department of the Navy, relying on an opinion of the Judge Advocate General of the Navy, reports that it is its view that there is no connection between security of a base and the jurisdictional status of its site. The Navy feels that if the adequate performance of a Federal function requires such measures as erecting fences, arming of guards, using force in evicting trespassers or protecting Federal property, then the measures may be taken regardless of the jurisdictional status of the land.

On the other hand, certain other agencies have suggested that the arresting of trespassers is on a firmer legal footing if the United States has an appropriate measure of legislative jurisdiction. This is true presently with respect to areas under the jurisdiction of the General Services Administration, because that agency possesses authority under the provisions of the Act of June 1, 1948, 62 Stat. 281, as amended (40 U.S.C. § 318) to appoint its uniformed guards as special policemen with powers of arrest somewhat greater than those of a private person only where the United States has acquired exclusive or concurrent jurisdiction over the property. By another provision of the mentioned statute (40 U.S.C. 318b), the General Services Administration may, upon request, detail its special policemen to property administered by other agencies and may extend to such property the application of its regulations. It has been indicated to the Committee, however, that as a matter of policy the General Services Administration will not detail its special policemen to any Federal establishment unless there is already some General Services Administration organization in the vicinity and unless the General Services Administration is allowed to maintain supervision of the guard force. Since many Federal installations are remote from existing General Services Administration organizations and since as a matter of policy certain Federal agencies are unwilling to accede to the latter of these conditions, the acceptance of concurrent or a greater measure of jurisdiction provides no cure-all if police authority is necessary to the security of Government installations. However, the Committee proposes to recommend a helpful amendment to the act of June 1, 1948, as amended, by eliminating therefrom the requirement for exclusive or concurrent jurisdiction, as not constituting a necessary or desirable requirement. With this amendment GSA guards will be able to exercise police powers over federally-owned property without regard to its jurisdictional status.

With regard to the question of the security of Federal installations the Committee is inclined to the view that the opinion advanced by the Department of the Navy that adequate security of Federal installations can be obtained irrespective of the jurisdictional status of their sites is legally correct. On the other hand it recognizes that Federal civilian guards, security patrols and like employees may more zealously safeguard the property and interests of the United States if they are invested with the usual police powers and the protection which such powers give against civil liability for false arrest or imprisonment. The Committee feels, however, that the proper means of accomplishing this is by the enactment of legislation along the lines discussed in the immediately preceding paragraph rather than by the acquisition of exclusive or concurrent jurisdiction so that 40 U.S.C. 318 and 318b may be applied. For that reason the Committee does not accord a great deal of weight to the argument that the acquisition of exclusive (or concurrent) jurisdiction would aid in obtaining increased security for Federal installations.

Uniformity of administration. One of the advantages mentioned by agencies favoring exclusive legislative jurisdiction was that uniformity of administration would be secured. It is assumed that this presupposes that exclusive jurisdiction is essential for some installations of the agency. To be sure, absolutely uniform administration of all its installations located in the United States could be accomplished by any agency in such circumstances only if all its installations were in an identical jurisdictional status. However, no agency has expressed a desire that all its lands be held in an exclusive jurisdictional status, and any such desire would be futile as a practical matter, since no agency now has all its property in that status and approximately half the States currently do not grant exclusive jurisdiction to the United States in the ordinary case. For similar reasons uniformity of administration is therefore not believed by the Committee to be a valid argument for any particular quantum of legislative jurisdiction other than a proprietorial interest.

Miscellaneous. In addition to these major arguments which the several agencies favoring exclusive legislative jurisdiction have advanced, there are several others which certain of the agencies have mentioned. Although one such argument is that the surrender of exclusive jurisdiction would result in increased taxes to Federal residents of the areas affected, no agency has put any particular emphasis on this factor in its discussion of the relative merits or demerits of various jurisdictional statuses. This is understandable in view of the large inroads that recent Congressional enactments have made into the broad tax immunities which these residents at one time enjoyed. Today, as has already been indicated, property taxes are the only taxes of any significance which are inapplicable to residents of Federal enclaves.

Apart from the strictly legal incidents of exclusive legislative jurisdiction, installations of the Department of the Navy, with concurrence indicated by the Navy, suggest that an exclusive jurisdiction status makes for better relations with the surrounding community in that it is generally recognized by State and local officials as vesting in the installation commander authority which such officials might otherwise claim. Although the Navy report is the only one in which this factor is specifically mentioned, the Veterans' Administration, Army and Air Force reports would seem to imply similarly. However, no agency has furnished the Committee any specific examples illustrating this premise, and the Committee has been unable to evaluate its validity. The Committee has noted, however, that with great uniformity individual Federal installations, whatever their jurisdictional status, have reported the existence of excellent relations with neighboring communities.

The military departments express concern that as to crimes committed within Federal areas of less than exclusive legislative jurisdiction conflicts will arise with State authorities as to which sovereign will exercise its respective jurisdiction. The Army apparently envisages a possibly considerable increase in the State prosecution of soldiers who have already once been tried either by court-martial or in Federal District Court. From the answers that have been submitted by individual installations to Questionnaire B, however, it would appear that the basis of this argument is more theoretical than actual. As has been several times pointed out, the answers to Questionnaire B paint an almost uniform picture of good Federal-State relations wherever Federal installations are located. Although conflicts of this nature appeared to be an ever-present fear on the part of many installation commanders, not a single actual incident was furnished to the Committee to illustrate that the problem was actual and not just theoretical. The Committee therefore is inclined to the view that this factor is of little significance in determining the type of legislative jurisdiction which the United States should accept over its properties.

C. Problems Connected with Exclusive (and Certain Partial) Jurisdiction

State services generally. Probably the one fact that impressed the Committee most in the reports of the agencies favoring exclusive legislative jurisdiction, or partial legislative jurisdiction approaching exclusive, was that the installations in these jurisdictional statuses controlled by these agencies were very generally operated as though the United States had only concurrent legislative jurisdiction or only a proprietorial interest. Furthermore, the manner of their operation was incompatible with the exercise by the United States of exclusive or partial legislative jurisdiction. Almost uniformly, notarizations were performed by notaries public under the commission of the State in which the installation was located; State coroners frequently investigated deaths occurring under unknown circumstances within such areas; and vital statistics (marriages, births, deaths) were recorded in State or county recording offices. In numerous instances local police and fire protection was furnished to and on the Federal installation. In very many instances residents of the enclave were to all intents and purposes regarded as citizens of the State so far as their civil and political rights were concerned. Thus, their children were accepted on an equal basis in local schools, they were given the right of suffrage, they were accorded access to State courts in such matters as probate, divorce and adoption of children, and they were treated as citizens of the States in obtaining hunting licenses and reduced tuition to State colleges and universities.

The extra-legal nature of many of the mentioned services and functions rendered by or under the authority of a State in an area under Federal jurisdiction is obvious. Such services and functions are requisite to the maintenance of a modern community. Although by Article I, Section 8, Clause 17, of the Constitution Congress is empowered to exercise "like" authority over such areas as it exercises over the District of Columbia, it has not done so. As to these areas Congress has not made (and as a practical matter probably could not attempt to make), provision for their municipal administration. The very general requirement within Federal installations for various services which ordinarily are furnished only by or under the authority of State or local governments appears to have made exceedingly rare the installation which actually operates within the legal confines of Federal exclusive jurisdiction. Such being the case, the Committee questions whether it is possible to maintain many installations in that status.

The Committee considers it important that various necessary services and functions rendered in Federal areas by or under the authority of States be put on a firm legal footing.

Fire protection. Among the foremost of the functions and services provided under State authority to Federal installations is fire protection. Except for large, self-supporting installations and for installations located in remote areas, it would appear from the answers to Questionnaire B submitted to the Committee that, in general, Federal installations within the States rely to some extent upon local, non-federal fire fighting services. This would appear to be true irrespective of the jurisdictional status of the Federal site. These services are secured through a variety of arrangements. For areas under the exclusive jurisdiction of the United States arrangements have varied all the way from formal contracts with local agencies to mere assumptions on the part of the Federal manager that the local fire department will respond if called in an emergency. In cases where the Federal agency has its own fire fighting equipment, the arrangement is generally reciprocal in that each party will respond to the call of the other in emergencies beyond the capabilities of either's individual capacity. Where the United States has exclusive or one of various forms of partial legislative jurisdiction the furnishing of these services by the State would appear to be strictly a matter of grace although the Comptroller General of the United States has ruled to the contrary. In the absence of express agreement by State or local authorities, there is no legal obligation whatever on the part of a non-Federal fire company to respond to a fire alarm originating within the Federal enclave, and questions of the applicability of compensation benefits to firemen in case of their injury when fighting a fire in a Federal enclave apparently may arise in some instances. In the cases of small, weakly staffed Federal installations the consequences of this incident of exclusive or partial legislative jurisdiction may be serious, indeed. Generally, however, with respect to areas over which the State exercises jurisdiction, while the furnishing of fire protection for federally owned buildings would still be a matter for the consideration of officials of State or local governments, the obligation would appear to be a concomitant of the powers exercised by those authorities within such areas (Comp. Gen. Dec. B-126228, of January 6, 1956).

Refuse and garbage collection and similar services. Analagous to the problem of fire protection are problems connected with other types of services which in ordinary communities are generally furnished by local or State governments. Among these services are refuse and garbage collection, snow removal, sewage, public road maintenance and the like. Where the United States has exclusive jurisdiction and the installation is not self-sustaining in these respects, it would appear from the information furnished by individual installations that in most cases these items are handled on a contractual basis with some local governmental agency. As in the case of fire fighting services, there is no obligation on the part of the contractor, apart from that under the contract, to continue furnishing such services where the United States has exclusive or certain partial jurisdiction. Should the local agency decline to continue them, there might result considerable inconvenience and expense to the Federal Government. On the other hand, should the local agency furnish them there would not arise, at least from the Federal point of view, the questions of legality, with serious implications, which present themselves in connection with the furnishing of certain other services.

Law enforcement. In the matter of law enforcement more difficult legal and practical questions are raised. From the reports received by the Committee it would appear that many agencies have encountered serious problems, which often have not been recognized, in this field in areas of exclusive or partial legislative jurisdiction. The problem is most acute in the enforcement of traffic regulations and "municipal ordinance type" regulations governing the conduct of civilians. Although specific authority exists for certain agencies (e.g., General Services Administration and the National Park Service of the Department of the Interior) to establish rules and regulations to govern the land areas under their management and to attach penalties for the breach of such rules and regulations, and authority also exists for these agencies to confer on certain of their personnel arrest powers in excess of those enjoyed by private citizens (General Services Administration only if the United States exercises exclusive or concurrent jurisdiction over the area involved), this authority has provided no panacea. Despite the fact that General Services Administration may extend its regulations to land under the management of other agencies and provide guard forces for such areas at the request of these agencies, for reasons which have already been discussed it has been impossible for all agencies of the Federal Government to avail themselves of the statutory provisions mentioned. As to civilians, therefore, Federal enforcement measures for traffic and similar regulations are limited often to such non-penal actions as ejection of the offender from the Federal area, revocation of Federal driving or entrance permit, or discharge (if an employee).

Where serious crimes are committed in areas of exclusive Federal jurisdiction, generally the full services of the Federal Bureau of Investigation, the United States Attorney and the United States District Court are available for the detection and prosecution of the offenders. On the other hand, in the case of misdemeanors or other less serious crimes, there is generally no adequate Federal machinery for bringing the offenders to justice. If there is a United States Commissioner reasonably available, there is generally no official corresponding to a town constable or municipal policeman.

Some Federal installations, judging by their replies to Questionnaire B, have attempted to solve this problem by authorizing local or State police to enforce State or local traffic and parking regulations and municipal ordinances within Federal areas of exclusive or partial legislative jurisdiction. The possible consequences of such obviously extralegal measures are a matter of serious concern to the Committee.

Another difficulty arising with respect to exclusive jurisdiction areas is determining which activities defined as crimes by State law are punishable under the Assimilative Crimes Act. The Act, as has been said, does not apply to make Federal crimes based on State statutes which are contrary to Federal policy. However, difficulty often arises in determining whether a Federal policy operates to negate the adoption of a State statute under the Assimilative Crimes Act. Indeed, it is possible that individuals may risk punishment for conduct which they cannot be certain is in violation of law.

Notaries public and coroners. From the reports submitted to the Committee in reply to Questionnaire B it would appear that in many areas of exclusive legislative or partial jurisdiction the services of State licensed notaries public are utilized. In many cases it would appear that a Federal employee holds a commission as a State notary public and his services are utilized for all officially required notarizations. Although none of such notarizations appears to have been challenged, the possibility of challenge is ever-present in view of the probable lack of jurisdiction of the State notary in an area of exclusive Federal jurisdiction and many areas of partial jurisdiction.

The question of the authority of a local coroner to make an official inquiry in cases of deaths arising under unknown circumstances has arisen on many occasions. The chief law officers of the various agencies have a number of times been called upon to rule on such questions. In those opinions the law officers have uniformly advised their agencies that coroners had no jurisdiction in areas over which the United States exercised exclusive jurisdiction. Nevertheless, the replies to Questionnaire B indicate that it is a common practice at Federal installations when an unexplained death occurs to call in the local coroner. The practical need for the services of this official is obvious when it is considered that the Federal Government has no general substitute, that it would be impracticable for the Federal Government to furnish such services to its many small scattered or remote establishments, and that death certificates issued by a recognized authority are necessary for many purposes.

Personal rights and privileges generally. One of the most unfortunate incidents of the exercise by the Federal Government of exclusive legislation over areas within the States is the denial to the residents thereof of many of the rights and privileges to which they would otherwise be entitled except for such residence. Since these disadvantages are unattended by certain tax advantages which flowed from such residence prior to the enactment of the Buck Act and similar statutes, exclusive jurisdiction is relatively bare of compensations to such residents.

Probably foremost in the minds of the persons concerned is the denial of the right of suffrage. However, other equally important rights and privileges are denied these residents. Among those mentioned by the various agencies are the right of children to attend local public schools; qualification for such State supported services as welfare aid, social service counseling, State sanitorium or mental institutional care, public library, etc.; qualification by domicile for access to civil courts in probate, divorce and adoption proceedings; and the right to be treated as "residents of the State" in such matters as hunting and fishing licenses, reduced tuition to State colleges and universities, and many other purposes.

It was surprising to the Committee, in reviewing the hundreds of replies to Questionnaire B, that there was no uniform practice on the part of the three States (California, Kansas, and Virginia) from which the information required by these questionnaires was derived as to the denial of such rights and privileges. For example, in two Federal areas of exclusive jurisdiction within the same city, the residents of one were accorded the status of full citizens by State officials while the residents of the other were denied all rights thereof. Surprisingly, even in some cases when the Federal Government exercised no legislative jurisdiction whatever, the residents were denied certain privileges they should normally have been accorded as residents of the State. The Committee can only conjecture as to the reasons for such diversity of practice on the part of State officials. Among the factors which the Committee surmises might have an influence upon the State or local officials are: (1) the size of the Federal installation and the number of residents thereof (this would determine, for instance, what the impact of participation by Federal residents in local elections would be); (2) the predominantly military or non-military character of the residents and their identification with the community by long residence, unity of interest and concert of purpose; (3) the good or ill feeling existing between the Federal installation and the community at large; (4) whether the State has legislation specifically conferring political and civil rights on residents of Federal enclaves, although curiously, in California where such a statute is in effect and has been interpreted as retroactive insofar as the granting of civil and political rights is concerned, the practice is not uniform; and (5) the very general unawareness of local, State and Federal officials of the jurisdictional status of the lands and the incidents of such status.

Voting. It is clearly settled that should the State choose to do so, it could deny the right to vote to residents of areas of exclusive Federal jurisdiction. A few States (among them California) have granted the right of suffrage to residents of such enclaves but such States are the exception rather than the rule. According to reports received by the Committee there are more than 90,000 residents other than armed forces personnel on Federal areas within the States of Virginia, Kansas and California alone, plus persons residing in 27,000 units of Federal housing. In view of the close connection that the right of suffrage bears to the traditions and heritage of the United States, the disenfranchisement or even the possibility of the disenfranchisement of such a large number of United States citizens is a cause for serious reflection.

Education. The problem of the education of children residing in areas of exclusive and partial Federal jurisdiction is a serious one and has been the cause of a multitude of controversies. That it can be reported that so far as is known to this Committee not a single child is being denied the right to a public school education because of his residence on a Federal enclave is in itself a commendation of the work of the Department of Health, Education, and Welfare and the Commissioner of Education.

It is obvious that the presence of large numbers of school-age children in Federal enclaves has a considerable impact on local school districts. This is particularly true in the remote, sparsely-settled areas in which so many of our Army, Navy and Air Force bases are located. In recognition of the Federal Government's responsibility to reduce the effects of this impact Congress has enacted certain statutes to provide financial aid to affected school districts, and in the last fiscal year nearly 200 million dollars were expended under these statutes. The act of September 30, 1950, 64 Stat. 1107, as amended (20 U.S.C., and Supp., 241), authorizes the Department of Health, Education, and Welfare to grant financial aid to localities for the operation and maintenance of their schools based on the impact which Federal activities have on the local educational agencies. Such aid usually takes the form of monetary grants to local school agencies in proportion to the increased burdens assumed by such agencies in accordance with certain formulae given in the act. If, however, State law prohibits expenditure of tax revenues for free public education of children who reside on Federal property or if it is the judgment of the Commissioner of Education that no local educational agency is able to provide free public education, he may make such other arrangements as are necessary to provide for the education of such children. The act of September 23, 1950, 54 Stat. 906, as amended (20 U.S.C. Supp. 300) provides for similar aid in school construction.

It may readily be perceived (and it has been so reported to the Committee) that the impact which Federal activities have on local educational agencies bears no direct relation to the jurisdictional status of Federal property upon which the school children reside or upon which their parents may work or be stationed. The Department of Health, Education, and Welfare has pointed out, however, that the holding of many areas of land under exclusive Federal jurisdiction has served to intensify the problem of the Federal officials administering the program. This results from the various court holdings to the effect that there is no obligation on the part of a State to accept resident children from an area of exclusive Federal jurisdiction. While it appears that most school districts do accept such children, at least when accompanied by a grant of Federal aid, on occasion some have chosen not to accept them even under such terms. In these and other instances the school districts involved sometimes have insisted on financial arrangements more advantageous to themselves than those generally enjoyed by other districts similarly affected. This obviously results either in the Federal Government's being required to assume the entire responsibility for providing for the schooling of these children, or deprives more cooperative school districts of their fair share of the Federal funds available for education.

Assuming that the States accept as their obligation the education of resident children, children residing on federally owned or leased land not within the exclusive or certain partial legislative jurisdiction of the United States would appear to be entitled to the same educational opportunities as other children. Of course, so long as the act of September 30, 1950, as amended, supra, and the act of September 23, 1950, as amended, supra, remain in effect the State would be entitled to financial aid for the impact the presence of these children has on the local school agencies, but the fact that the Federal Government has recognized its obligation in this respect would appear not to diminish the obligation of the State. Assuming, then, that the State recognizes its obligation, the Federal Government could at least have the assurance that the education of the children was provided for without taking on the burdensome task of setting up a school system entirely apart from that of the State.

Miscellaneous rights and privileges. With regard to other rights and privileges which are accorded private persons based on their residence within a State the Committee received a wealth of information. Because of the inconsistencies in the treatment of the residents by State and local officials in these matters, however, it was nearly impossible to draw any definite conclusions. In some localities residents of an area of exclusive Federal jurisdiction were accorded all the privileges they would have enjoyed had the Federal Government not divested the State of its jurisdiction. They were granted resident hunting and fishing license privileges, resident tuition rates at State-supported educational institutions, admission to State-supported hospitals and sanitoriums, State or county visiting nurse service and the like. On the other hand, in other localities only a short distance away, persons in identical legal circumstances were denied some or all of these services.

One fact did impress itself on the Committee - that there was no uniform desire on the part of State officials to deny to residents of areas of exclusive or partial Federal jurisdiction the rights and privileges to which they would otherwise have been entitled if the State's jurisdiction of the area of their residence had not been ousted. Whether the granting of these rights and privileges is a conscious policy on the part of the States is not known to the Committee. Obviously, in the cases of States which have conferred civil and political rights on residents of Federal areas by statute (e.g., California), the policy has been consciously and deliberately evolved. In nearly all cases where this policy is followed, however, it would appear that it is done as a matter of grace, despite the fact that the retrocessions of certain tax benefits to the States by the Buck Act and similar Federal statutes may give rise to obligations in return for benefits conferred. To the extent that they are a matter of grace, they could be discontinued by the States at any time. The consequences of such discontinuance might be very serious to residents of these areas.

Benefits dependent on domicile. It would appear doubtful to the Committee, however, whether a State could, despite its best intentions, bestow certain types of benefits upon the residents of areas of exclusive Federal jurisdiction. The Committee refers particularly to those benefits which depend upon domicile within a State. An example is the right to maintain an action for divorce.

Since Congress has provided no law of divorce for areas of exclusive Federal jurisdiction the residents of such areas must resort to a State court for relief. Several States have enacted statutes conferring jurisdiction on their courts to entertain actions for divorce brought by persons who have resided in Federal enclaves within such States for designated fixed periods. The courts of a few other States have assumed jurisdiction in such cases without benefit of a similar statute. In neither case have such decrees been put to the test of collateral attack on the basis that they were rendered without jurisdiction. It therefore remains to be seen whether a resident of an area of exclusive Federal jurisdiction, by virtue of residence in such area alone, can become legally domiciled in the State in which the Federal installation is located. The problems involved in these cases are, of course, of equal significance in other situations in which domicile is the basis of a right or obligation.

D. Summary as to Exclusive and Partial Jurisdiction

The foregoing discussion and analysis of the positions of those agencies adhering to the view that exclusive legislative jurisdiction or a quantum of Federal legislative jurisdiction closely approaching exclusive is desirable for their properties has run to a considerable length. Because the views are held by several major land-holding agencies the Committee felt it particularly desirable to analyze these views with the utmost care and deference. In summary:

(1) The Army, Navy and Air Force, the Veterans' Administration, the National Park Service, the Bureau of the Census, and the Civil Aeronautics Administration desire exclusive or nearly exclusive legislative jurisdiction over all or part of their land holdings (the Air Force indicating that a concurrent legislative jurisdiction would be an acceptable substitute under certain circumstances).

(2) These views are based on a number of reasons. The most frequently mentioned of these are as follows (not all of the reasons being advanced by each agency):

  (a) Freedom of Federal manager from State interference in the performance of Federal functions. All agencies understand (though the answers to Questionnaire B indicate that their subordinate installations do not in many cases) that the Federal Government enjoys a Constitutional immunity from such interference by virtue of the Supremacy Clause. What they wish to avoid is unnecessary litigation to prove this Constitutional immunity.

(b) Enhancement of security of installation.

(c) Freedom of Federal Government from burdens of application of State's police power to contractors, licensees, etc., operating within Federal enclave.

(d) Uniformity of administration.

(e) Psychological advantage to Federal manager in his dealings with State and local officials.

(f) Clarity of the authority of the Federal Government in the enforcement of criminal law and avoidance of conflicts with State authorities.

(g) Accrual of certain tax advantages to resident personnel.

(3) These views generally take into account that exclusive legislative jurisdiction and many forms of partial jurisdiction are attended by the following disadvantages:

(a) Occurrence of difficulties in the enforcement of traffic regulations and minor criminal laws or regulations against civilians.

(b) Unavailability of certain services ordinarily furnished by State or local governmental agencies.

(c) Loss by residents of the area of civil and political rights normally flowing from residence in a State.

(4) The Committee, in general, looks askance on Federal exclusive legislative jurisdiction and most forms of partial legislative jurisdiction for the reasons that:

(a) Certain of the reasons advanced by the agencies advocating this measure of jurisdiction are legally unsupported. Specifically, Federal operations may be carried on without any direct interference by States, and the security of Federal installations may be adequately safeguarded, without regard to the type of legislative jurisdiction; uniformity of administration may be had under a lesser form of jurisdiction.

(b) Other arguments advanced by the agencies appear not to be borne out in individual installation reports. Specifically, the reports uniformly reflect excellent State-Federal relations; fear of excessive litigation to establish immunity of Federal functions from State interference if exclusive jurisdiction is surrendered does not appear to be borne out; where concurrent jurisdiction exists, conflicts as to which sovereign will exercise criminal jurisdiction appear not to have developed to any significant degree; the psychological advantage claimed for this type of jurisdiction has not been illustrated.

The only apparent advantages to Federal exclusive legislative jurisdiction or partial jurisdiction approaching exclusive, on the facts made available to the Committee, are certain minor tax advantages to residents of the areas and freedom of the Federal Government from the indirect effects of the exercise by the State Governments of their police powers against Federal contractors, concessionaires, licensees, etc. The latter of these would appear to be entitled to considerable weight in certain areas and under certain circumstances. However, even when it is combined with the former and the two are balanced against the disadvantages accruing to this type of jurisdiction, the scales seem to be tipped toward a lesser form of Federal legislative jurisdiction.

E. Views of Agencies Preferring Concurrent Jurisdiction

Agencies preferring such jurisdiction. The views of the General Services Administration, the Department of Health, Education, and Welfare, the Department of the Navy, the Bureau of Prisons of the Department of Justice, and the Bureau of Public Roads of the Department of Commerce, which each desire a concurrent legislative jurisdiction status for certain of their installations, are based on various grounds. The Department of the Interior also, at an early point in the study, indicated concurrent jurisdiction desirable for certain areas for which it subsequently recommended partial jurisdiction. The Veterans' Administration has suggested that it needs at least concurrent jurisdiction should a higher form of Federal jurisdiction be deemed by the Committee as unnecessary for properties under the supervision of that agency; the Committee's views in this respect have already been discussed in a previous section of this report.

Advantages and disadvantages. Concurrent jurisdiction has to considerable extent the advantages of both exclusive legislative jurisdiction and a proprietorial interest only, with few disadvantages.

To the advantage of the Federal Government is the fact that Federal power to legislate generally for the area exists. The chief interest of the Federal Government, in this connection, is that by virtue of the Assimilative Crimes Act (18 U.S.C. 13) a Federal criminal code, capable of Federal enforcement, exists for the area and insures that crimes committed within the Federal installation will not go unpunished in spite of disinterest on the part of State authorities which can occur in instances where only Federal personnel, and no State community or individual, are directly affected by a crime. For the residents of these areas of concurrent jurisdiction it is an advantage that the obligations of the State toward them are undisturbed by the superimposition of Federal on State jurisdiction, so that they receive under a concurrent jurisdiction all the benefits of residence in the State, notwithstanding that they reside on a federally owned area. For the State there exists the advantage that its jurisdiction over the area remains undisturbed except insofar as its operations may directly interfere with a Federal function conducted therein. The State's authority vis-a-vis the United States and persons on the area is in all practical respects the same as if the United States had no legislative jurisdiction whatever with respect to the area. It is because of the advantages inherent in these characteristics that concurrent legislative jurisdiction has been stated by several Federal agencies to be best suited for their needs in certain types of installations.

Such disadvantages as are peculiar to areas under concurrent legislative jurisdiction arise out of the fact that under this status two sovereigns, the Federal Government and a State, have the authority to exercise in the same area many of the same functions. This can result in situations where each of the sovereigns desires to perform the function; information received by the Committee would seem to indicate that more often it results in situations where each sovereign desires the other to act, with the occasional result that the function is not performed. So far as the Committee has been able to determine, however, no serious problems have developed out of this dual sovereignty.

General Services Administration. This agency, which administers an extremely large number of Government buildings, principally post-offices and Federal office buildings, most of which now are in an exclusive jurisdiction status, in many cases finds requirement for furnishing special police protection to such buildings and to other areas also under its control. At the present time it is able to vest its guards with police powers only for exercise on areas under the exclusive or concurrent legislative jurisdiction of the United States. With the amendment of the pertinent statute (40 U.S.C. 318, et seq.), to permit the exercise of police powers without reference to the legislative jurisdiction of property under its control, the General Services Administration indicates, it would feel that all or substantially all of such property could be held under a proprietorial interest only. Properties not requiring special police services in any event, in the view of the Administration, would be best served under a proprietorial interest status. The Committee agrees with these views.

Department of Health, Education, and Welfare. Most of the holdings of this Department, consisting largely of hospitals and similar installations, are now in an exclusive, or partial approaching exclusive, legislative jurisdictional status. On analyzing its requirements in the course of the present study the Department has come to the conclusion that, while a proprietorial interest only would be best suited for most of its properties, a concurrent jurisdiction status would be desirable for a small number of properties on which special problems of police control are involved. The Committee concurs.

Department of the Navy. This department feels that for its so-called "minor" installations concurrent legislative jurisdiction would best serve its needs. By minor installations the Navy apparently means those which are small and non-selfsustaining, and those which are primarily residential. The Navy, as to these installations, is apparently of the view that the attributes of a simple proprietorial status in many respects are best suited. However, because of the Department's desire to retain the availability of Federal law-enforcement within even these areas, concurrent jurisdiction is desired in order to provide a Federal criminal code by virtue of the Assimilative Crimes Act (18 U.S.C. § 13). Consequently, the Department feels that concurrent jurisdiction would be the minimum measure of Federal jurisdiction that would satisfy its needs.

The Committee fails to see any requirement for the retention by the Federal Government of general law enforcement authority in naval installations where the provision of such service is within the ability of State and local law-enforcement agencies. This will be particularly true if there are adopted recommendations proposed by the Committee that heads of Federal agencies be given authority to promulgate and enforce rules and regulations for the government of the Federal property under their control, without reference to the jurisdictional status of such property. It is to be noted that, in any event, existing Federal statutes designed for the protection of Government property and of defense installations are applicable to naval installations without reference to their jurisdictional status. Further, the Uniform Code of Military Justice similarly is applicable to offenses which may be committed by uniformed personnel.

From its study of the Navy's report the Committee reasons that for most properties administered by the Department a proprietorial interest would be most advantageous. Only as to the occasional naval installations removed from civilian centers of population which can furnish these installations adequate law-enforcement services does the Committee believe that concurrent jurisdiction would be required. In this regard, it is noted that to a large extent the Navy's properties are presently in a proprietorial interest status (approximately 40% of its acreage), as a result of the Navy's policy of acquiring Federal legislative jurisdiction only when the local commander makes a substantial request that the Department do so, and the Navy's report does not indicate that any serious or troublesome problems arise out of this status.

Bureau of Prisons. This bureau of the Department of Justice indicates that for its installations in which prisoners are maintained a concurrent legislative jurisdictional status would be desirable. These installations presently have various jurisdictional statuses. It is pointed out as incongruous that a Federal prisoner who commits a crime beyond that which can be handled by administrative measures in a Federal prison institution should have to be tried in State courts, under State law, and be sentenced to a State penal institution, in the absence of at least concurrent criminal jurisdiction in the Federal Government over the institution where the crime was committed. On the other hand, the Bureau has no wish to deprive its guard force and other personnel and their families of the privilege of voting and other integration into the normal life of the communities in which its installations are located, as often occurs under a jurisdictional status greater than concurrent. The Committee is in agreement with the views of the Bureau of Prisons.

Bureau of Public Roads. This bureau of the Department of Commerce, while it considers only a proprietorial interest in the United States best suited to the great majority of the properties under its supervision, desires that the status of its equipment depot areas and of a certain laboratory and testing area be changed to concurrent legislative jurisdiction. At present certain of these properties are under the exclusive jurisdiction of the United States while others are in a proprietorial interest only status. In the view of the Bureau, by giving to all these properties a concurrent jurisdictional status law enforcement as to trespasses and minor offenses would be made easier. Local police could be called in and, it is suggested, additionally the concurrent jurisdiction would empower the United States Park Police to act.

Since, except in the District of Columbia, the arrest powers of Park Police (and by implication their enforcement authority) are limited to violations "of the laws relating to the national forests and national parks" (16 U.S.C. § 10), there would appear to be no authority for the Park Police to act in areas under the management of the Bureau of Public Roads, irrespective of their jurisdictional status. As this is the only basis given by the Bureau for acquisition of any form of legislative jurisdiction, it would appear that none is necessary.

The Committee feels that a proprietorial interest would be entirely sufficient for the needs of all the several properties of the Bureau of Public Roads.

Department of the Interior. This Department recommends a proprietorial interest only as most desirable for the great bulk of the vast areas of Federal lands under its supervision. However, in its initial submission of information to the Committee the Department indicated that concurrent legislative jurisdiction would most nearly suit the needs of its national parks, as to which the United States now holds exclusive or certain partial legislative jurisdiction, and of certain national monuments and perhaps wildlife areas which cover vast areas and are in comparatively isolated sections of their respective States, as to which the United States now generally holds a proprietorial interest only. This status, it was indicated, would allow effective enforcement of law and order and would insure the best protection of a number of interests, including control as may be necessary of the private inholdings which are within the boundaries of certain parks so that the inholdings do not change park characteristics. This type of jurisdiction would not adversely affect the rights of park, monument, or wildlife refuge residents so far as their relations with the States and State political subdivisions are concerned. More recently, however, the Department has modified its position, stating:

> ". . . the National Park Service is of the opinion that concurrent jurisdiction would not be practicable in the National Park Service areas for which it was suggested. While there is no disagreement that the States should have substantial authority in federally owned areas over matters outside the spheres of interest of the Federal Government, the Service believes that concurrent jurisdiction would result in continuous disagreements and litigation over what State laws would interfere with Federal functions. It therefore believes that partial jurisdiction is, as a practical matter, required for the areas in question.
>
> "The Department is not prepared to disagree with the National Park Service at this juncture. Accordingly, the views expressed . . . [earlier] are modified to the extent stated."

It is not clear to the Committee in which spheres of the National Park Service's operations the widespread disagreements with State authorities are expected. If it is in the field of conservation or control of hunting or fishing, there would appear to be no doubt as to the ability of the United States to prevail in disputes where proper administration of the area requires Federal control. See Hunt v. United States, 278 U.S. 96 (1928). If it is with respect to the enforcement of criminal laws, the Committee notes that information from individual installations which are in concurrent jurisdiction status almost uniformly is to the effect that difficulties in this respect, to the limited extent they have occurred, have occurred not out of an eagerness on the part of both sovereigns to exercise jurisdiction, but from the lack of interest of both. The Committee is of the view that concurrent jurisdiction most nearly fits the needs of the United States for national parks and for national monuments located in remote areas. In some instances, the Committee recognizes, this jurisdictional status may be desirable for some wildlife refuges.

F. Views of Agencies Desiring a Proprietorial Interest Only

Federal lands largely in proprietorial interest status. The Committee notes that as to the great bulk of land owned by the United States, including substantially all lands of the so-called "public domain," the Federal Government holds only a proprietorial interest, possessing with respect to such land no measure of legislative jurisdiction within the meaning of Article I, Section 8, Clause 17, of the Constitution. The Committee further notes that each of the 23 landholding agencies of the Government except the General Services Administration, whatever their views concerning the jurisdictional status which their properties should have, presently hold a substantial proportion of such properties in a proprietorial interest status only.

Agencies preferring proprietorial interest. A proprietorial interest status, without legislative jurisdiction in the United States, is deemed best suited for their properties by the Treasury Department, the Department of Justice other than for properties in which Federal prisoners are maintained, the Department of the Interior other than for national parks and certain national monuments, the Department of Agriculture, the General Services Administration for certain properties, the Department of Commerce for most of its properties, the Department of Health, Education, and Welfare for most of its properties, the Atomic Energy Commission, the Central Intelligence Agency, the Federal Communications Commission, the Housing and Home Finance Agency, the International Boundary and Water Commission (United States and Mexico), the Tennessee Valley Authority other than for one property as to which judgment was reserved, and the United States Information Agency. It may be noted that the mentioned agencies control more than 90% of the land owned by the United States.

Characteristics of proprietorial interest status. When the United States acquires lands without acquiring over such lands legislative jurisdiction from the State in which they are located, in many respects the United States holds the lands as any other landholder in the State. However, the State cannot tax the Federal Government's interest in the lands or in any way interfere with the Federal Government in the carrying out of proper Federal functions upon the lands. The relation of the State with persons resident upon such Federal lands, with all its rights and corresponding obligations, is undisturbed. Both the civil and criminal laws of the State are fully applicable. Primarily because of these attributes the proprietorial interest status has been named by most landholding Federal agencies as the most nearly ideal jurisdictional status.

Experience of Atomic Energy Commission. Of the utmost significance to the Committee is that among the agencies preferring a proprietorial interest only for their properties is the Atomic Energy Commission. The Committee has attached special significance to the views of the Atomic Energy Commission for a number of reasons. Among the more important is the fact that the birth of the Commission and its requirements for the occupation of land occurred after the amendment in 1940 of section 355 of the Revised Statutes of the United States had removed the statutory requirement that exclusive jurisdiction be obtained over Federal lands prior to the construction of improvements on such lands. Accordingly, the Commission had not built up any of the traditions concerning exclusive jurisdiction which seem to influence many of the other Federal landholding agencies. Additionally, like those of many naval and military reservations, the Commission's security requirements are exceedingly strict. And also similar to many military and naval reservations, some Atomic Energy Commission installations, because of their size and remote locations, have substantial populations residing within their confines.

The Atomic Energy Commission's practice and policy are to obtain no legislative jurisdiction over lands acquired by it. The only lands it holds in other than a proprietorial status are those which it has received by transfer from other Federal agencies. Indeed, as to two exclusive jurisdiction areas upon which communities were located, the difficulties encountered were sufficient to induce the Commission to sponsor legislation which allowed it to retrocede jurisdiction to the State. While the Atomic Energy Commission recognizes that concurrent jurisdiction has to some extent the advantages of both a proprietorial interest and exclusive jurisdiction, that measure of jurisdiction has not been obtained for the reason that it provides no clear-cut line of responsibility between the fields of Federal and State authority thus, in the view of the Commission, opening the way for disputes and misunderstandings.

The Atomic Energy Commission established its policy of obtaining no legislative jurisdiction principally to (1) obtain the privileges of State citizenship for the residents of its areas; (2) allow organization of the communities into self-governing units under applicable State statutes; and (3) make State civil and criminal law applicable, making possible the utilization of established State courts for the enforcement of public and private rights and the deputization under State authority of Atomic Energy Commission employees for law enforcement.

The Atomic Energy Commission reports that its experience has indicated that these expected advantages have in fact resulted. A possible disadvantage, interference by the State with Atomic

Energy Commission security requirements, has not materialized. The constitutional immunity of Federal functions from State interference has been recognized uniformly.

Experience of other agencies. The Central Intelligence Agency has a proprietorial interest only over its properties, and has found this satisfactory. Indeed, except for the Army, Navy and Air Force, the National Park Service of the Department of the Interior, and the Veterans Administration, the views of all Federal agencies which have had any substantial experience in the management of areas held in a proprietorial interest only status parallel those of the Atomic Energy Commission. The preference of the agencies for a proprietorial interest only is based, in general, on various disadvantages flowing from possession of legislative jurisdiction by the United States. Repetition of the views of these agencies would appear to serve little purpose. The advantages and disadvantages which they ascribe to this status have already been covered in detail in the analysis of exclusive, concurrent, and partial legislative jurisdiction which has preceded.

Summary as to proprietorial interest status. The Committee concludes, in concurrence with the agencies preferring a proprietorial interest only in the Federal Government over their properties, that for the vast bulk of Federal properties it is unnecessary for the Federal Government to have any measure of legislative jurisdiction in order to carry out its functions thereon. The Government is insulated from any attempted direct interference by State authority with the carrying out of such functions by the Federal immunities flowing from constitutional provisions other than Article I, Section 8, Clause 17, particularly from Article VI, Clause 2, which provides in pertinent part:

> "This Constitution, and the laws of the United States which shall be made in Pursuance thereof; * * * shall be the supreme Law of the Land; and the Judges in every State shall be bound thereby, any Thing in the Constitution or Laws of any State to the Contrary notwithstanding."

Many Federal lands for which a proprietorial interest status only is acknowledged to be ideal are, however, held under some form of legislative jurisdiction. Since there exists no general authority for Federal agencies to retrocede unneeded jurisdiction to the States appropriate legislation has been drafted by the Committee to make such retrocessions possible. The Committee also deems it desirable that uniform State legislation be enacted providing for the acceptance of such retroceded jurisdiction, so that no doubt will exist as to the precise status of the lands involved.

CHAPTER VIII

CONCLUSIONS AND RECOMMENDATIONS

General observations. The thorough study which has been given to the exercise by the Federal Government of legislative jurisdiction under Article I, Section 8, Clause 17, of the Constitution has, in the opinion of the Committee, been long overdue. In the early days of the Republic there may have been a requirement for the exercise of such power in areas within the States which were acquired to carry out the functions vested in the Federal Government by the Constitution. However, even this is in doubt, for, as has been pointed out, there was not a uniform practice with respect to the transfer of legislative authority from the States to the United States during the first 50 years after the adoption of the Constitution. In any event, the tremendous expansion of Federal functions and activities which has occurred in the recent history of the United States with a resultant increase in Federal land holdings, changed patterns in the use of Federal lands, development of new concepts of the rights and privileges of citizens, and many other factors, have drastically altered conditions affecting the desirability of Federal exercise of exclusive legislative jurisdiction over federally owned areas.

There is no question of the current requirement for a measure of legislative jurisdiction in the Federal Government over certain federally occupied areas in the States. Indeed, in various instances the Federal Government has insufficient jurisdiction over its installations, to the detriment of law and good order. On the other hand, no doubt can exist that in the present period the Federal Government has been acquiring and retaining too much legislative jurisdiction over too many areas as the result of the existence of laws and the persistence of practices which were founded on conditions of a century and more ago.

Careful analysis has been made by the Committee of the advantages and disadvantages to the Federal Government, to the States and local governmental entities, and to individuals, which arise out of the possession by the United States of varying degrees of legislative jurisdiction over its properties in the several States. It is clear that exclusive legislative jurisdiction on the one hand, and a proprietorial interest only on the other, each has certain but different advantages and disadvantages for all parties involved. As the jurisdictional status of a property varies from one to the other of these two extremes of the legislative jurisdiction spectrum the advantages and disadvantages of each tend to fade out, and to be replaced by the advantages and disadvantages of the other.

Principal Committee conclusions. The Committee's study has been persuasive to the conclusions that:

1. In the usual case there is an increasing preponderance of disadvantages over advantages as there increases the degree of legislative jurisdiction vested in the United States.

2. With respect to the large bulk of federally owned or operated real property in the several States and outside of the District of Columbia it is desirable that the Federal Government not receive, or retain, any measure whatever of legislative jurisdiction, but that it hold the installations and areas in a proprietorial interest status only, with legislative jurisdiction remaining in the several States.

3. It is desirable that in the usual case the Federal Government receive or retain concurrent legislative jurisdiction with respect to Federal installations and areas on which it is necessary that the Federal Government render law enforcement services of a character ordinarily rendered by a State or local government. These installations and areas consist of those which, because of their great size, large population, or remote location, or because of peculiar requirement based on their use, are beyond the capacity of the State or local government to service. The Committee suggests that even in some such instances the receipt or retention by the Federal Government of concurrent legislative jurisdiction can, and in such instances should, be avoided; and

4. In any instance where an agency may determine the existence of a requirement with respect to a particular installation or area of a legislative jurisdictional status with a measure of exclusivity of jurisdiction in the Federal Government, it would be desirable that the Federal Government in any event not receive or retain with respect to the installation or area any part of the State's jurisdiction with respect to taxation, marriage, divorce, annulment, adoption, commitment of the mentally incompetent, and descent and distribution of property, that the State have concurrent power on such installation or area to enforce the criminal law, that the State also have the power to execute on the installation or area any civil or criminal process, and that residents of such installation or area not be deprived of any civil or political rights.

Requirement for adjustments in jurisdictional status. It is clear that the legislative jurisdictional status of many Federal installations and areas is in need of major and immediate adjustment to bring about the more efficient management of the Federal operations carried out thereon, the furthering of sound Federal-State relations, the clarification of the rights of the persons residing in such areas and the legalization of many acts occurring on these installations and areas which are currently of an extra-legal nature. Many adjustments can be accomplished unilaterally by Federal officials within the framework of existing statutory and administrative authority by changing certain of their existing practices and policies. Others may be capable of accomplishment by cooperative action on the part of the appropriate Federal and State officials. In perhaps the majority of instances, however, there is neither Federal nor State statutory authority which would permit the adjustment of the jurisdictional status of Federal lands to the mutual satisfaction of the Federal and State authorities involved. For this reason the Committee recommends the enactment of certain statutes, both Federal and State, which would authorize the appropriate officials of these Governments to proceed apace in the adjustments clearly indicated.

The Committee also strongly feels that agencies of the Federal Government should do all that is possible immediately and in the future, under existing and developing law, to establish and maintain the jurisdictional status of their properties in conformity with the recommendations made in this report. The General Services Administration, in its regular inventorying of Federal real properties, should bring together information concerning the jurisdictional status of such properties in order to provide a general index of the progress made in adjusting their status. This will also provide a central source of information on the jurisdictional status of individual properties, such a central source being sorely needed, in the view of the Committee. The progress made by agencies in adjusting the jurisdictional status of their properties should be taken into account by the Bureau of the Budget in considering budget estimates and legislative proposals which are related to such status. It is the further view of the Committee that these two agencies, together with the Department of Justice, should maintain a continuing and concerted interest in the progress made by agencies in adjusting the status of their properties and should review such progress at appropriate intervals.

Retrocession of unnecessary Federal jurisdiction. The most immediate need, in the view of the Committee, is to make provision for the retrocession of unnecessary jurisdiction to the States. A number of Federal agencies, as well as a significant proportion of the responding State Attorneys General, have made recommendations along this line. The Committee heartily concurs in these recommendations.

The Committee feels that this end could best be accomplished by amending Section 355 of the Revised Statutes of the United States, as amended (40 U.S.C. § 255; 33 U.S.C. § 733; 34 U.S.C. § 520; 50 U.S.C. § 175) so as to give to the heads of Federal agencies and their designees the necessary authority to retrocede legislative jurisdiction to the States. An appropriate amendment would permit each Federal agency to adjust the amount of jurisdiction it retains to the actual needs of the installation concerned. It is hoped, in this regard, that the present report and the forthcoming textual study will give to Federal land management agencies a full appreciation of the many factors which they should consider in making their determinations of what measure of jurisdiction best suits a particular installation. The Committee therefore recommends that Section 355 of the Revised Statutes, as amended, be further amended by adding a paragraph in the following language:

> Notwithstanding any other provision of law, the head or other authorized officer of any department or agency of the United States may,

> in such cases and at such times as he may deem desirable, relinquish to the State in which any lands or interests therein under his jurisdiction, custody, or control are situated all, or such portion as he may deem desirable for relinquishment, of the jurisdiction theretofore acquired by the United States over such lands, reserving to the United States such concurrent or partial jurisdiction as he may deem necessary. Relinquishment of jurisdiction under the authority of this act may be made by the filing with the Governor of the State in which the land may be situated a notice of such relinquishment or in such other manner as may be prescribed by the laws of such State, and shall take effect upon acceptance by the State, or, if there is in effect in the State a general statute of acceptance not specifying the means thereof, upon the day immediately following the date upon which such notice of relinquishment is filed.

Acceptance by States of relinquished jurisdiction. It can be seen that for a relinquishment made under this proposed amendment to Section 355, Revised Statutes, to be effective, there must be an acceptance by the State. The Committee feels such a provision is necessary as a matter of sound policy. It would inject some preciseness into an area which, as has been seen throughout the report, is replete with confusion and vagueness. By the use of the present provisions of Section 355 of the Revised Statutes, together with the proposed addition, the proper Federal and State officials could, by the necessary exchange of instruments, fix precisely for any Federal installation or area the amount of legislative jurisdiction which would reside in each sovereign. No parcels of Federal property affected by any change of legislative jurisdictional status under the amended Section 355 would be left dangling in an uncertain status.

At present, however, only a few States have statutory provisions which would authorize them to accept such tendered jurisdiction. The Committee therefore suggests the advisability of enactment by the States of uniform legislation in this respect. This proposed legislation might well take the form of the final section of a Uniform State Cession and Acceptance Statute which the Committee is prepared to recommend. The text of this proposed uniform statute will be set out in full at a later point in this section of the report.

Rule-making and enforcement authority. An additional change in the Federal statutes which is, in the view of the Committee, of major importance is further to amend the act of June 1, 1948, 62 Stat. 281, as amended (40 U.S.C. 318, 318a, b, c). Under the present provisions of that statute the General Services Administration is authorized to make needful rules and regulations for the government of Federal property and to annex to these rules and regulations reasonable penalties. The General Services Administration is also given authority by the act to appoint its uniformed guards as special policemen for the preservation of law and order on Federal property under that agency's control, but the jurisdiction and policing powers of such special policemen are restricted to areas over which the United States has acquired exclusive or concurrent jurisdiction. Upon the application of the head of any other Federal agency the General Services Administration is authorized to extend to lands of such an agency, over which the United States has acquired exclusive or concurrent jurisdiction, the application of General Services Administration's rules and regulations and to detail special policemen for the protection of such property.

Because of the requirement of Federal legislative jurisdiction and other practical difficulties mentioned earlier in this report, many Federal agencies have found it impossible to make use of the authority granted in the act. In other instances the requirement that the lands concerned be under the exclusive or concurrent jurisdiction of the United States before General Services Administration rules and regulations can be extended to them has resulted in the undesirable practice on the part of some agencies of acquiring otherwise unneeded legislative jurisdiction over Federal lands. For these reasons the Committee recommends that the rule-making authority presently granted to the General Services Administration by the mentioned act of June 1, 1948, as amended, be broadened to allow the head or other duly authorized officer of each Federal land management agency to make needful rules and regulations for the management of the Federal property under the control of such agency.

The power to make and enforce the necessary rules and regulations for the management of Federal property does not depend, constitutionally, on the acquisition by the Federal Government of legislative jurisdiction. Indeed, several Federal agencies already enjoy authority in this respect without reference to the jurisdictional status of the lands concerned. The General Services Administration by section 2 of the act just discussed (40 U.S.C. § 318a) and the Department of the Interior with respect to the national parks (16 U.S.C. § 3) provide examples of this. Additionally, it may be noted that the authority which employees of the National Park Service and the Forest Service enjoy in the enforcement of rules and regulations for the protection of the national parks and national forests is similarly free from any dependence upon the jurisdictional status of the lands concerned. For this reason the Committee recommends the elimination of the requirement of section 1 of the act of June 1, 1948, as amended (40 U.S.C. § 318), that the police jurisdiction of the General Services Administration special policemen be limited to areas under the concurrent or exclusive jurisdiction of the United States. It further recommends that the regulatory authority which it proposes be granted to all Federal land management agencies should not be made to depend on the acquisition of Federal jurisdiction over the lands concerned. Because of the confusion and other adverse effects which multiplication of Federal police forces well might have on law enforcement, however, the Committee does not propose the extension to any other Federal agencies of the authority presently granted to the General Services Administration by the act of June 1, 1948, as amended, to appoint uniformed guards as special policemen. The authority of such agencies to utilize the facilities and services of existing Federal law-enforcement agencies and, where appropriate, State or local agencies is, in the view of the Committee, ample to meet the needs of these agencies in that respect.

In summary, therefore, the Committee recommends that the act of June 1, 1948, 62 Stat. 281, as amended (40 U.S.C. § 318-318c), be further amended as follows:

> Section 1 (40 U.S.C. § 318), amend all after "unlawful assemblies," to read as follows: "and to enforce any rules and regulations made and promulgated pursuant to this Act."
>
> Section 2 (40 U.S.C. § 318a), amend to read as follows:
>
> The head of any department or agency of the United States or such other officers duly authorized by him are authorized to issue all needful rules and regulations for the government of the Federal property under their charge and control, and to annex to such rules and regulations such reasonable penalties, within the limits prescribed in section 4 of this Act, as will insure their enforcement; Provided, That such rules and regulations shall be posted and kept posted in a conspicuous place on such Federal property. This authority shall not impair or affect any other authority existing in the head of any department or agency.
>
> Section 3 (40 U.S.C. § 318b), amend to read as follows:
>
> (1) The head of any department or agency of the United States and such officers duly authorized by him, whenever it is deemed economical and in the public interest, are authorized to utilize the facilities and services of existing Federal law-enforcement agencies, and, with the consent of any State or local agency, the facilities and services of such State or local law enforcement agencies, to enforce any regulations promulgated under the authority of section 2 of this Act.

> (2) Upon the application of the head of any department or agency of the United States the Administrator of General Services and officials of the General Services Administration duly authorized by him are authorized to detail such special policemen as are necessary for the protection of the Federal property under the charge or control of such department or agency.

Section 4 (40 U.S.C. s 318c), amend to insert "than" between "more" and "$50."

Jurisdiction of United States Commissioners. The above-recommended broadening of the regulatory and enforcement authorities of Federal agencies with regard to the management of their properties would make necessary a corresponding enlargement of the jurisdiction of United States Commissioners. The present jurisdiction of United States Commissioners is delineated by section 3401 of Title 18 of the United States Code, which provides that United States Commissioners specially designated for that purpose by the court by which they were appointed have jurisdiction to try and sentence "persons committing petty offenses in any place over which the Congress has exclusive power to legislate or over which the United States has concurrent jurisdiction." In view of the Committee's recommendation that the regulatory authority of land management agencies of the United States be freed from the limitations of a legislative jurisdictional requirement, and in view, further, of the obvious fact that regulations issued under such authority must be capable of enforcement, a forum must be provided in which persons accused of violations of such regulations can be tried and, if convicted, sentenced. The Committee therefore recommends that subsection (a) of § 3401, Title 18, U.S. Code, be amended to read as follows:

> (a) Any United States Commissioner specially designated for that purpose by the court by which he was appointed has jurisdiction to try and sentence persons committing petty offenses in any place over which the Congress has exclusive power to legislate or over which the United States has concurrent or partial jurisdiction, or which is under the charge and control of the United States, and within the judicial district for which such commissioner was appointed.

Miscellaneous Federal legislation. The only further amendments to Federal statutes which the Committee feels are necessary at this time are the repeal of section 103 of title 4, United States Code, and of sections 4661 and 4662 of the Revised Statutes of the United States (33 U.S.C. § § 727, 728), with the substitution for the last mentioned section of a new section in Title 40 of the United States Code substantially as follows:

> Any civil or criminal process, lawfully issued by competent authority of any State or political subdivision thereof, may be served and executed within any area under the exclusive, partial or concurrent jurisdiction of the United States to the same extent and with the same effect as though such area were not subject to the jurisdiction of the United States.

The Committee recommends repeal of section 4661 for the reason that its provisions requiring a cession of jurisdiction over the sites of lighthouses, beacons, public piers and landmarks as a condition precedent to the erection of such structures are inconsistent with section 355 of the Revised Statutes of the United States, as amended. The first sentence of section 4662 defines what type of jurisdiction is sufficient to meet the requirements of section 4661, and requires exclusive jurisdiction in the United States. Its repeal is recommended for this reason. The second sentence of section 4662 should be preserved, however, to insure the power of the several States to serve civil and criminal process within such sites already acquired under this act. The Committee recommends, however, that its application be broadened to all Federal lands and has therefore recommended that, as a codification matter, the new section be inserted in Title 40.

The repeal of section 103 of Title 4, United States Code, is recommended because the section is obsolete. The section gives to the President authority to procure the assent of the legislature of a State to the Federal purchase of land, so that the Federal Government shall acquire legislative jurisdiction over the property, where a purchase of land has been made without the prior consent of the State. Authority to acquire legislative jurisdiction over previously acquired property now is adequately provided by section 355 of the Revised Statutes of the United States, as amended.

State legislation. As has already been pointed out, the Committee is of the opinion that additional legislation on the part of many States, and amendments of State constitutions in several instances, will be required to allow relinquishment of unneeded Federal legislative jurisdiction to them by the United States. Additionally, it is the Committee's view that further State legislative action is indicated with respect to uniformity in State cession and consent statutes.

The States of Montana, North Dakota, South Dakota, and Washington, as has been indicated earlier, have in their Constitutions provisions for the exercise of exclusive jurisdiction by the United States to which these States may wish to give attention.

Uniform State Cession and Acceptance Statute. The Committee's study also has revealed that considerable disparities exist among the various States in their legislation pertaining to the cession of legislative jurisdiction to the United States. Some of these differences have been pointed out in an earlier part of this report. In view of the fact that the Federal Government's power to legislate for ceded areas is dependent initially upon a grant of consent in this respect by the State concerned, it is obvious under these circumstances that unilateral action on the part of the Federal Government directed toward sounder policies and practices in this field could be only partially successful. It is for this reason that the Committee invites to the attention of the States the desirability of their enactment of a Uniform State Cession and Acceptance Statute along the following lines; optional matter, to provide conformity with existing State practices, is included in brackets:

> Section 1. (a) Whenever the United States shall desire to acquire legislative jurisdiction over any lands within this State and shall make application for that purpose, the Governor is authorized to cede to the United States such measure of jurisdiction, not exceeding that requested by the United States, as he may deem proper over all or any part of the lands as to which a cession of legislative jurisdiction is requested, reserving to the State such concurrent or partial jurisdiction as he may deem proper.
>
> (b) Said application on behalf of the United States shall state in particular the measure of jurisdiction desired and shall be accompanied by an accurate description of the lands over which such jurisdiction is desired and information as to which of such lands are then owned [or leased] by the United States.
>
> (c) Said cession of jurisdiction shall become effective when it is accepted on behalf of the United States, which acceptance shall be indicated, in writing upon the instrument of cession, by an authorized official of the United States and [admitting it to record in the appropriate land records of the county in which such lands are situated] [filing with the Secretary of State].
>
> Section 2. Notwithstanding any other provision of law, there are reserved over any lands as to which any legislative jurisdiction may be ceded to the United States pursuant to this act, the State's entire legislative jurisdiction with respect to taxation and that of each State agency, county, city, political subdivision, and public district of the State; the State's entire legislative jurisdiction with respect to marriage, divorce, annulment, adoption, commitment of the mentally

> incompetent, and descent and distribution of property; concurrent power to enforce the criminal law; and the power to execute any process, civil or criminal, issued under the authority of the State; nor shall any persons residing on such lands be deprived of any civil or political rights, including the right of suffrage, by reason of the cession of such jurisdiction to the United States.
>
> Section 3. (a) Whenever the United States tenders to the State a relinquishment of all or part of the legislative jurisdiction theretofore acquired by it over lands within this State, the Governor is authorized to accept on behalf of the State the legislative jurisdiction so relinquished.
>
> (b) The Governor shall indicate his acceptance of such relinquished legislative jurisdiction by a writing addressed to the head of the appropriate department or agency of the United States and such acceptance shall be effective when said writing is deposited in the United States mails.

The foregoing proposal, if enacted into law by the several States, when used in conjunction with the applicable Federal authority as it would exist after the enactment of the amendments recommended just previously, would permit cooperative action on the part of appropriate Federal and State officials for the resolution of most of the manifold problems of both the Federal and State Governments, and of the residents of Federal areas, by the existence of Federal legislative jurisdiction over so many lands within the States.

The proposed statute has been drawn in the form in which it appears above in order to meet a number of needs which came to the attention of the Committee in the course of its study. The following comments in respect to certain of its specific provisions are considered appropriate: (a) The authority to make the actual cession of jurisdiction and to determine the measure thereof which should be ceded are confided to the Governor in order to permit an adjustment of the amount of jurisdiction which is ceded to the needs of the particular lands involved; the need for such discretion in some State official has been apparent throughout the Committee's study; (b) the amount of jurisdiction which the Governor may cede is limited to not more than what has been asked for on behalf of the Federal Government for the reason that it is obviously to the advantage of the State, the United States, and the residents of the area, for the United States to acquire only the amount of jurisdiction sufficient to meet its needs; (c) provision is made for the cession of jurisdiction over lands not yet acquired by the

United States to allow the continuance of the desirable practices followed by certain United States agencies of (1) determining in advance what jurisdiction is necessary for the purpose to which the lands are to be put and acquiring such lands only when such jurisdiction is obtainable, and (2) acquiring by a single cession from a State one type of jurisdiction over a large area eventually to become part of one Federal installation but for which the lands are to be acquired at different times or over a period of time; (d) provision is made for admission to record of all cessions of jurisdiction in order that the respective limits of State and Federal jurisdiction will be readily ascertainable; (e) by section 2 of the act certain irreducible minimums of authority are left in the States; as an examination of the provisions of this section will reveal, the taxing power of the State and that of its political subdivision is in no wise reduced, nor is the power to enforce the criminal law; and care has been exercised to preserve the rights and privileges of the residents of ceded areas; and (f) the necessary provisions for acceptance of relinquished jurisdiction, mentioned earlier, have been made.

Summary. It is the belief of the Committee that the need for the Federal and State legislation which it has recommended is demonstrated by its study and in this report. With the enactment of such legislation, and with the revision by Federal agencies of their policies and practices relating to the acquisition or retention of legislative jurisdiction so that they are in conformity with the recommendations made in the report, the Committee is confident that most of the problems presently arising out of this subject could be resolved, to the great benefit of the Federal Government, the States and local governmental entities, residents of Federal areas, and the many others who are affected.

APPENDIX A

SUMMARY OF FEDERAL LANDHOLDING AGENCIES' DATA RELATED TO JURISDICTION

The questionnaires addressed to each of the 23 landholding agencies of the Federal Government produced a tremendous mass of information; reports from the larger agencies exceeded a thousand pages each. The numbers and areas of properties reported by the agencies were verified by the Committee against data set out in the Inventory Report on Federal Real Property in the United States as of December 31, 1953 (Senate Document No. 32, 84th Cong., 1st Sess.), and any discrepancies which might affect the accuracy of this study were reconciled by the agencies involved. While a later Inventory Report is now available (Senate Document No. 100, 84th Cong., 2d Sess.), it was published after the questionnaires related to this study had been completed.

The information which each of the landholding agencies transmitted to the Committee concerning its properties, and the views indicated by each agency concerning the jurisdictional status its properties should have, are summarized below. References will be noted to "Questionnaire A", and "Questionnaire B"; these relate, respectively, to the questionnaire addressed to each agency concerning its property in general, and to the similarly addressed questionnaire concerning individual properties of each agency in the States of Virginia, Kansas, and California, which were the States selected for sampling purposes. Questionnaire B eleicited statistical facts concerning such matters as the number of non-military residents and the number of children on each installation, and sought information on a number of other possible recurrent, day-to-day problems. These included such matters as access to local schools and other local governmental facilities, equality of privileges as compared with local residents, the maintenance of vital statistics, the availability of notarial services, the furnishing of police and fire protection, and garbage disposal.

The accuracy of some of the opinions expressed as to the relative advantages or disadvantages of the existing jurisdictional status should be measured against expressions on the matters by the Committee, since it must be recognized that the extent of knowledge as to what that status is, and the legal incidents relative thereto, varied with the correspondents.

Department of the Treasury

Data from Questionnaire A. The three bureaus of the Treasury Department which supervise property outside of the District of Columbia have a total of approximately 1219 installations, aggregating approximately 26,941.45 acres in area plus 674,266 square feet of office and storage space (Coast Guard: 1049 installations aggregating 25,473 acres plus 144 installations (lifeboat stations) aggregating 977 acres; Customs: 20 installations aggregating 366.6 acres, and buildings totaling 43,444 square feet, of which 8112 square feet are located on land either leased or occupied by permit; and Mint: 6 installations aggregating 124.85 acres plus 630,822 square feet of office and storage space).

The property throughout the United States occupied by the Bureau of Customs and the Bureau of the Mint is all held under a proprietorial interest only, while property of the United States Coast Guard is variously held under each of the several types of legislative jurisdictional status and under a proprietorial interest. The jurisdictional status of Coast Guard lands, to the extent that it is known, is indicated to be as follows:

Property	Total No.	Area (Acres)	Exclusive (By number of properties)	Partial	Concurrent	Proprietorial
Academy	1	61	1	-	-	-
Air Detachment	4	-				
Air Station	9	864	2			
Base	22	228	9			7*
Depot	19	22	9			
Electronic Engr.Sta.	11	-				
Fog Signal Station	1	25	1			
Group Office	4	-				
Lifeboat Station	144	977	12	1		131
Light Attendant Sta.	53	-				
Light Station	321	4,912	144		13	10
Loran Transmitting Station	10	283	3			
Moorings	12	-				
Radio Beacon Sta.	1	-				
Radio Station	14	645	4			
Receiving Center	1	430	1			
Supply Center	1	67	1			
Supply Depot	3	-				
Training Station	1	429	1			
Yard	1	39	1			
	633	8,982	189	1	13	148

*Held in mixed status: Concurrent and proprietorial.

Since the jurisdictional status of many properties is unknown to the Coast Guard, it is impossible to determine the acreage held under each of the different types of jurisdiction.

Data from Questionnaire B. In the State of California the Treasury Department has a total of 21 installations comprising 1113.95 acres and 95,164 square feet of building space. Of these properties 19 belonging to the Coast Guard, constituting a total of 1111.19 acres, are reported to be under the exclusive legislative jurisdiction of the United States (although it appears that some of these may be within the definition of "partial" jurisdiction adopted for the instant study, in view of the practice of this State of reserving certain powers in making cessions). One property belonging to the Mint, consisting of 2.76 acres and 95,164 feet of building space, is held in a proprietorial interest only status. The status of the additional property consisting of 7 acres held by the Coast Guard (Pt. Loma Lt. Sta.) is unreported. Despite the exclusive (or partial) nature of most of the California installations, vital statistics are maintained by State or local authorities and local coroners investigate deaths occurring on the premises under unknown circumstances. Residing on Coast Guard properties are 172 persons other than military personnel. Twenty-one of the 38 installations in the Twelfth Coast Guard District report that their residents are denied equal access with State residents to State colleges. All persons are indicated as otherwise having equal access to State governmental facilities and equal privileges under the State. Sixty-nine children residing on these installations attend State schools; of these, 40 are children of military personnel and 29 are children of civilians. Resident children are in all cases granted access to State schools; however, in the majority of cases it was reported that Federal funds in the form of grants-in-aid were paid to the State.

The Treasury Department manages no property owned by the United States in the State of Kansas.

In the State of Virginia the Coast Guard is the only agency of the Department reporting management of realty, a total of 50 properties aggregating 1,388.398 acres, 1.03 rods, and 18 perches. Twenty-six properties and a portion of an additional property, aggregating 189.31 acres, are reported in an exclusive legislative jurisdictional status. Two properties and portions of two additional, aggregating 18.729 acres, are reported as having a partial legislative jurisdiction status. One property, consisting of 0.42 acre, is held in a concurrent legislative jurisdiction status. Fourteen properties and portions of 4 are held in a proprietorial interest status. As to 3 properties and a portion of an additional property, records on jurisdictional status are unavailable; the area of only one such property (0.22 acre) is known. Vital statistics are not maintained on Coast Guard reservations. There is no known general rule which the coroners in the State of Virginia follow apropos investigation of deaths occurring under unknown circumstances. There are nine civilian personnel residing on Federal properties within the State. These persons are granted equal voting rights, equal access to existing governmental facilities, and equal privileges. Three children of civilian personnel attend State schools on an equal basis with State residents.

Agency Views. The Bureau of Customs and the Bureau of the Mint have experienced no difficulties in operating under a mere proprietorial interest and see no need for Federal legislative jurisdiction over their properties. While the Coast Guard likewise indicated no significant problems with any type of jurisdiction it initially stated an opinion that exclusive or concurrent legislative jurisdiction was best suited to its properties. This opinion was subsequently revised, and the Coast Guard has informally indicated to the Committee that a proprietorial interest only would suit its properties. Consequently, all Treasury agencies owning property consider a proprietorial interest only status satisfactory for their properties.

Department of Defense

a. Department of the Army
b. Department of the Navy
c. Department of the Air Force

a. Department of the Army

Data from Questionnaire A. The number of properties owned by the United States and occupied, operated, or supervised by the Department of the Army is indicated to approximate 1330. Of this number approximately 574 pertain to military installations and 756 to river and harbor improvements and flood control projects. The Army reports that it does not have readily available information as to specific categories, acreage and type of jurisdiction in regard to river and harbor improvements and flood control. However, it has been the policy of the Army not to request jurisdiction over such properties, and generally they are held in a simple proprietorial interest. In regard to military properties, the categories, jurisdictional status, number and acreage are listed as set forth in the following table. It may be noted therefrom that while many of Army's properties are held in an exclusive legislative jurisdiction status (41% by number and 20% by acreage), similarly large quantities of its properties, of all categories, are held in a proprietorial interest only (30% by number and 46% by acreage), and considerable quantities in a partial or concurrent legislative jurisdictional status:

GENERAL CATEGORY OF PROPERTY	EXCLUSIVE		CONCURRENT		PARTIAL		PROPRIETORIAL		UNDERTERMINED		MIXED	TOTAL	
	No.	Acreage	No.	Acreage	No.	Acreage	No.	Acreage	No.	Acreage	No.	No.	Acreage
Military Training Facilities (Posts, Camps, Forts)	21	1,077,906	2	143,977	10	754,809	14	1,232,811	3	805,100	21	71	4,014,603
Hdqs. & Adm.Facilities	10	14,685	1	1,141	1	71	7	8,299	1	29	5	25	24,225
Schools (exclusive of schools at training installations)	2	4,366	-	-	2	9,646	-	11,396	-	-	2	6	25,408
Hospitals (exclusive of local hospitals on installations)	5	1,265	-	-	1	181	3	92	1	120	2	12	1,658
Depots, Maintenance and Repair Facilities	32	305,399	3	4,796	12	82,725	19	72,005	3	2,853	16	85	467,778
Ports and Harbors	6	906	-	28	1	2,313	2	2,160	-	-	3	12	5,407
Defense Facilities (Tactical, NIKE, AAA etc.)	8	4,478	-	-	-	-	6	741	1	1,541	4	19	6,760
Testing&Proving Grounds: Research & Development	7	60,441	-	12	1	55,264	7	1,879,513	-	-	5	20	1,995,230
Communication, Motion Picture and TV Facilities	2	1,230	1	69	-	-	5	2,318	2	1,142	2	12	4,759
Industrial Facilities (Arsenals,Plants,etc.)	26	176,104	3	925	13	108,589	20	27,836	1	25,405	8	71	338,859
USAR and National Guard Facilities	40	42,075	1	340	-	3,960	66	56,383	8	21,215	3	118	123,959
Recreation and Rest Camp Facilities	1	2	-	-	-	-	10	23	-	-	-	11	25
Cemeteries, Monuments, Parks and Historical Sites	76	2,324	1	33	4	326	13	609	3	1	12	109	3,293
Prisons & Disciplinary Barracks	-	370	-	-	1	12,605	1	3,181	-	-	1	3	16,156
TOTAL	236	1,691,551	12	151,307	46	1,030,489	173	3,297,367	23	857,406	84	574	7,028,120

Data from Questionnaire B.*/ The acreages and jurisdictional status of properties held by the Department of the Army in Virginia, Kansas and California are reported as follows:

	Total	Kansas	Virginia	California
Exclusive	67695	9563	34888	23244
Partial	92875	74327	-	18548
Concurrent	122614	-	122614	-
Proprietorial	1010026	-	1909	1008117
	1293210	83890	159411	1049909
Less Arithmetical Errors	- 893	-	- 893	-
	1292317	83890	158518	1049909

The designation of jurisdictional status supplied by the various reporting installations was used in every instance except that of Fort Leavenworth, which was changed by the Committee from a reported exclusive jurisdiction to a partial legislative jurisdiction on the basis of precise information on this installation.

A general satisfaction of installation commanders with the jurisdictional status of installations held under exclusive (or partial approaching exclusive) Federal jurisdiction was reported. This general satisfaction extended, but in a markedly lesser degree, to all installations whatever their jurisdictional status. For industrial type installations there was indicated a decided preference for a proprietorial interest status. With respect to other types of installations, in a number of instances where there was only a proprietorial interest it was suggested that a greater degree of jurisdiction be obtained by the United States, but generally no problems were indicated as arising out of the existing status. On the contrary, several advantages were variously cited as arising from such a status. The reasons given by the Army and by local commanders for retaining or obtaining exclusive legislative jurisdiction are mainly related to military control and security, and freedom of both bases and personnel from local interference and regulation. It appears, however, that no serious problems with respect to these matters are reported in the cases of the many Army installations which are under less than exclusive jurisdiction. In many cases where an exclusive jurisdiction status was urged for a proprietorial interest area it was nevertheless acknowledged that State and local authorities in fact have a "hands off" attitude with respect to Army operation of military establishments, and that no actual conflicts exist. In only one instance in which such a change was desired, where the installation is located in part on exclusive jurisdiction land and in part on proprietorial interest only land, which are all administered uniformly, was there a definite indication of conflict, the degree of which was not stated. In other such cases, it was indicated, the Army post commander's fear of State or local interference was based on a "theoretical analysis" of possibilities, or on suppositions not based on actual experience. In still other cases the Army commander had an erroneous impression that an exclusive jurisdiction status, as distinguished from a proprietorial interest only status, permitted him to exercise more control over civilians, including their arrest and final disposition of charges against them.

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*/ These questionnaires were sent only to military installations. For the reasons set forth above in relation to Questionnaire "A", reliable information is difficult to obtain concerning the areas in the three selected States devoted to the civil functions of the Army.

Where premises had differing legislative jurisdictional statuses, they were nonetheless administered in the same manner in all cases except one. In no instance were any problems reported as arising out of the differing statuses.

The number of residents other than armed forces personnel on Army premises in Virginia, Kansas and California is approximately 20,991. On six installations there residents were denied an equal right with State residents to vote. On two of the installations at which residents are denied equal voting rights, Camp Cooke, California, and Branch United States Disciplinary Barracks, Lompoc, California, they are also reported to be denied access to State colleges without payment of a non-resident tuition fee, although these installations are reported as held under a proprietorial interest only. A denial of equal facilities was cited on four installations. Equal privileges were reported as denied in seven instances.

Resident children attending school were reported as follows: children of armed forces personnel, 7323; others, 1416; total school children, 8739. Seven installations reported that these children were not accepted in State schools on an equal basis with State residents. In six of these cases, State schools were the recipients of Federal grants-in-aid; in the other instance, a separate school maintained on the base was supported jointly by State and Federal sources.

Vital statistics are maintained in most instances by local authorities, regardless of the jurisdictional status of the property. However, two installations reported such statistics were not maintained; nine installations reported that these statistics were maintained by the Federal Government.

Eighteen installations reported that a local coroner did not investigate deaths occurring on the premises; investigations were performed by the local coroner on 41 installations. For the most part factors other than jurisdictional status of an installation determine whether or not a local coroner will conduct investigations.

Services of a notary public were available on the premises in 33 of the 68 reporting installations. In those cases where notaries were not on the premises, they were located in areas ranging from immediately adjacent to the premises to 10 miles away.

Thirty installations reported a necessity for the services of a United States Commissioner. Distances to the nearest commissioner ranged from one on base to 65 miles, with an average distance of about 17 miles.

Services of local police were reported as needed and rendered in 10 instances. In a number of instances local police would appear to operate on exclusive jurisdiction areas. Such services were not needed in 57 cases. The Sierra Ordnance Depot, California, reports a past history of inability to obtain local policy protection despite the fact that the interest of the Federal Government in the property was only proprietorial. Upon the activation of the depot in 1942 local police authorities declined to assume jurisdiction over law violations on the depot on the ground that the status of a military reservation precluded the assumption of jurisdiction. In order to have some law enforcement, a United States Commissioner was appointed to try violations of California law under the Assimilative Crimes Act. The authority of the commissioner was challenged on several occasions. Not until 1955 was it possible for the Army to obtain partial jurisdiction over the area (which contained leased land) in order to clear the confused situation.

Fire protection was furnished by the Federal Government in 23 cases, local government in nine cases, and reciprocally in 34 cases. The source of fire protection appeared in most instances to be more contingent upon factors such as the size and manpower of the installation, proximity and resources of the local community than upon the legislative jurisdictional status of the properties involved.

The Army makes a special reference to the area occupied by the Pentagon. Since it appears that there is some uncertainty as to whether the United States is vested with exclusive or only concurrent jurisdiction over that part of the Pentagon and outside facilities as are located on land lying between the boundary line established between the District of Columbia and the Commonwealth of Virginia by the act of October 13, 1945 (59 Stat. 552), and the high water mark as it existed on January 24, 1791, the question arises whether to seek a cession of exclusive jurisdiction over the area from the Commonwealth of Virginia or whether to retrocede concurrent jurisdiction over the area now under exclusive jurisdiction, since consistency in the status of both areas is desirable.

Agency views. The policy of the Department of the Army with respect to the acquisition of legislative jurisdiction has been for the Chief of Engineers to make ad hoc decisions on a request for the procurement of jurisdiction made by the using service. Where such decision is in favor of jurisdiction, the Corps of Engineers procures the maximum jurisdiction which the State will grant.

The Department of the Army indicates the desirability of providing authority to the Secretary of the Army for the adjustment of the existing jurisdictional status of Army properties, but opposes any action on the basis of the instant study which would divest the United States of any jurisdiction over military properties which it now has.

b. Department of the Navy

Data from Questionnaire A. The Department of the Navy has a substantial inventory of real property (614 installations, comprising 3,417,174 acres), which property is predominantly held only in a proprietorial interest status, but a large number of installations are held under the exclusive legislative jurisdiction of the United States, and lesser numbers in a partial or concurrent jurisdictional status. The properties fall into 27 categories based on use - naval bases, depots, shipyards, industrial reserve facilities, ordnance plants, hospitals, radio stations, civilian and military housing, detention barracks, etc.; all but one of such categories include one or more exclusive jurisdiction installations, all but three minor categories of properties, which are used by the Marine Corps, include proprietorial interest only installations, all but twelve include concurrent jurisdiction installations, and all but fourteen include partial jurisdiction installations. The numbers and total approximate areas of properties reported to be under the several types of jurisdiction are indicated in the following table:

Jurisdiction	Number	Acreage	Square Feet
Exclusive	266	1,085,698	87,000
Concurrent	35	214,821	
Partial	34	153,085	
Proprietorial	408	1,646,491	
	743*	3,100,095**	87,000

*The discrepancy in the number of parcels occurs from the fact that several parcels enjoy varying types of legislative jurisdiction.

**The Navy advises, on the basis of data full details of which were not furnished to the Committee, that this figure should be revised to 3,417,174 acres.

Data from Questionnaire B. The approximate number and acreage of the sites reported in the three States under specific consideration (Virginia, Kansas, and California) are as follows:

STATE	NO.	TOTAL AREA	UNCERTAIN	EXCLUSIVE	CON-CURRENT	PARTIAL	PROPRIE-TORIAL
			(acres unless	otherwise	specified)		
Va.	39	118,108[1]	-	41,322	3,633	-	73,150
		20,000 sq.ft.	-				20,000 sq.ft
Kans.	2	4,157[2]	-	4,157	-	-	-
Calif.	67	2,435,154[3]	-	186,309	32	136,405	2,114,028
		93,418 sq.ft.	601.31 sq.ft.	33,287 sq.ft.			
		159 acres held in adverse possession					
		[4]					
TOTALS	108	2,557,419[5] 113,418 sq.ft. 159 acres held in adv. poss.	601.31 sq.ft.	231,788 33,287 sq. ft.	3,665	136,405	2,187,178 20,000 sq. ft.

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[1] One installation had 3 acre error.

[2] Various recruiting stations occupy 3057 sq. ft. in GSA or Post Office buildings. The jurisdictional status of this area will be reported by GSA and the Post Office Department.

[3] The total acreage given was 1620 acres less than reported in the jurisdictional breakdown.

[4] Various installations occupy 269,997 sq. ft. in Army, Navy, Post Office and GSA buildings.

[5] The Navy advises, on the basis of data details of which were not furnished to the Committee, that this figure should be revised to 2,363,085 acres.

In a few reports it was suggested that jurisdiction over housing, particularly housing entirely for civilians, be retroceded to the States, and that the Federal Government maintain a proprietorial interest only. With only one exception all installations reported satisfaction with the housing units under their command which were held in a proprietorial interest. Local police, fire, etc., services, as well as rights of the residents such as voting, were the reasons given for the desirability of a proprietorial status for these housing units.

On the other hand, reports from local installations showed a general desire for more than proprietorial interest with respect to lands used for activities other than housing. Affirmative answers were received in almost all instances where the type of jurisdiction was the greatest obtainable under State law. Reports from thirty-eight installations expressed the opinion that the present jurisdictional status of the installations was not the most suitable, in almost every such instance desiring the greatest amount of jurisdiction available to the Federal Government under the laws of the particular State. The reason most often assigned was that superior military security and control were possible under superior legislative jurisdictional status. It will be noted that the Navy Department itself does not concur in this theory. Despite the many recommendations for an upgrading in jurisdiction with respect to installations holding less than exclusive jurisdiction, few problems with local officials or disadvantages attributable to the existing status of the installations were reported. Most reports stressed the spirit of cooperation and harmony exisiting between the command and local authorities, local officials very generally have adopted a "hands-off" attitude with respect to naval properties, whatever the legislative jurisdiction status of such properties, rendering only such service and assuming only such authority as are welcomed by the naval commanders. This is demonstrated by the fact that in almost all installations based on areas of land under two or more types of jurisdiction there is no distinction made on the basis of jurisdiction in the administration of the several areas comprising the installation.

Approximately 37,595 residents were reported living on 52 installations. The figures ranged from one resident to 9,349. From the reports given it is not possible accurately to determine what proportion of such residents reside on lands under each of the varying types of jurisdiction.

The reports indicate that residents of 45 of the installations are allowed to vote in the State and that the right to vote has been denied to residents of 10 installations. All of the negative responses came from installations where the civilians resided on land under exclusive Federal jurisdiction. In many other instances, however, persons on such land were allowed to vote. Discrepancies were rampant between various installations in the State and even between various installations within a single city.

There are 16,133 school children residing on naval lands in the three sample States. Of these, 13,684 are children of persons in the naval service and 2,449 are those of civilians. It is not possible from information made available to break down the number of school children by the legislative jurisdiction of the land on which they reside.

Resident children on 58 installations were reported as being accepted in State schools on an equal basis with State residents, whereas the children living on 14 installations were denied this privilege. In all the cases in which a negative response was received either the local school district was receiving Federal grants-in-aid, or the installation was providing transportation to the school for the Federal children. In no reported instances were the children denied schooling. If formerly there were problems in this area, it would seem that, at least for the present, the Federal aid system has alleviated them almost entirely.

Equal use of facilities and equal privileges were accorded to residents of Federal enclaves almost without fail regardless of the jurisdiction over the land upon which they resided. Access to courts of divorce, adoption courts, mental institutions, and other incidents of State residency were reported denied in a few instances, but there nowhere appeared to be an overall State policy present, the results differing from locality to locality within the individual State and, indeed, differing at the same locality with respect to different facilities and privileges. (The Naval Auxiliary Air Station at El Centro, California, under exclusive jurisdiction, reported that access is allowed to juvenile courts, divorce courts, adoption courts. On the other hand, residents are denied the right to serve as executors or administrators of local estates, as well as the right of probate within the State, and are refused the services of visiting nurses and access to State hospitals for the mentally ill. Such residents are allowed to vote.) There were no reported cases of denial of equal privileges, in fact some installations reported better-than-equal privileges, such as exception from hunting license laws.

In a substantial majority of the cases, vital statistics concerning civilians are taken and maintained by local authorities regardless of status of jurisdiction. Likewise the coroner investigates deaths of civilians. In most installations under exclusive jurisdiction and in some under other statuses, deaths of members of the naval service are investigated by Federal authorities. In several instances, however, it was reported that the local coroner was requested to investigate. Some two or three stations reported that naval authorities attached to the station had been deputized as coroners by local authorities and all investigations on the installation were conducted by such deputies.

The availability of notarial services was reported affirmatively in 41 instances, negatively in 62. Where no notary was on the post, such services were usually available within a short distance. Frequently these services were performed on land under exclusive Federal jurisdiction.

The services of a United States Commissioner were not required in 80 reporting cases, were required in 22. While many of the installations reporting no need were held under proprietorial interest only, many others in a different status relied upon local police or military regulations, and reported a need for a United States Commissioner rarely if at all.

Thirty installations reported a need for local police services, and in all except one case such services were available. Local police were usually utilized to render general police service in connection with naval housing, although other instances of their use, such as in connection with theft investigation and traffic control, were cited. Usually, but not always, the local police were not acting on land under exclusive jurisdiction. One installation reported that its housing development, on exclusive jurisdiction land, was patrolled by local police under an agreement whereby the lessee company of the housing project made a payment in lieu of taxes to the local municipality; in other instances local police took action, as a matter of accommodating naval authorities, with respect to arrest of individuals for law violations occurring on other types of exclusive jurisdiction installations. One station, holding 507 acres exclusive and 10 acres proprietorial, reported that station police only apprehended and held civilians until they were turned over to local police at the gate for formal charge, arrest, and prosecution. Presumably no attempt was made to determine the jurisdictional status of the land upon which the purported crime was committed. Sixty-eight installations reported no need for local police services. While most of these were located on exclusive jurisdiction land, several were not, but relied upon military policing. The local police appear to have almost completely respected the desires of installation commanders concerning the rendering of their services on military land.

Whether or not local fire protection was rendered does not appear to depend entirely upon the status of the land in question, but rather upon other factors such as size and character of the installation, proximity to local fire fighting facilities, adequacy of local facilities, etc. The breakdown was as follows: Federal only 34; local only, 19; reciprocal, 48. While a few of the reciprocal agreements were written, the great majority of them were informal oral agreements, in consonance with the often-cited harmony and cooperation between local and Federal officials.

Agency views. The policy of the Department of the Navy with regard to the acquisition of legislative jurisdiction has been to acquire no legislative jurisdiction unless the local commander makes a request for the acquisition of jurisdiction setting out his reasons therefor. If the Department determines on the basis of this request that Federal legislative jurisdiction is necessary or desirable, the Department procures the maximum jurisdiction permitted by general State cession statutes.

In view of the opinion of the Department of the Navy that the jurisdictional status of the site of an installation is immaterial insofar as any effect it may have upon the security and military control over the property and personnel of a command are concerned, it bases its view of the desirability of a particular type of jurisdiction in a general way upon the size and self-sufficiency of the installation. For large, self-sufficient bases exclusive (or partial approaching exclusive) jurisdiction is felt desirable. For small, non-self-sufficient installations concurrent jurisdiction (or proprietorial interest only as a second choice) is desirable. In all cases the determination would have to be made by an analysis of the problems of the particular installation and a weighing of the advantages and disadvantages of the various jurisdictional statuses, with housing areas being considered separately in arriving at the final decision.

c. Department of the Air Force

Data from Questionnaire A. The Department of the Air Force reports that it holds within the United States 189 primary installations comprising 6,327,498 acres. Minor installations were not included in the report. Of the 6,327,498 acres reported, 371,100 acres are held under exclusive jurisdiction; 10,895 acres under concurrent jurisdiction; 201,018 acres under partial jurisdiction; and 5,744,485 acres under a proprietorial interest. It is to be noted that over 90% of the acreage reported is held under a proprietorial interest only. The following table illustrates the current status of Air Force properties broken down by use and jurisdictional status:

Type of Installation	Number of Installations	Total Acreage	Exclusive	Concurrent	Partial	Proprietoryal
Active AF Bases	144	1,369,084*	221,626	10,895	196,118	940,445
Depots	12	7,513	523	—	2,348	4,642
Aircraft Control and Warning Sites	13	1,412	513	—	—	899
Bombing and for Gunnery Ranges	20	4,949,489	148,438	—	2,552	4,798,499
TOTAL	189	6,327,498	371,100	10,895	201,018	5,744,485

* Main base acreage. Does not include off base facilities such as outer-marker sites, radio Trans. & Recv. sites, etc.

Data from Questionnaire B. The acreages and jurisdictional status of properties held by the Department of the Air Force in the three States of Virginia, Kansas and California are reported as follows:

	Total	Kansas	Virginia	California
Exclusive	100,952	160	-	100,792
Partial	205,796	40,371	-	165,425
Concurrent	9,003	-	9,003	-
Proprietorial	155,304	-	-	155,304
	471,055	40,531	9,003	421,521
Plus Arithmetical Errors	308*			308*
	471,363	40,531	9,003	421,829

*March Air Force Base, California, showed a 308 acre error in its compilation.

The jurisdictional preference of the reporting installations is almost uniformly for exclusive Federal jurisdiction or for the highest degree of Federal jurisdiction obtainable under the applicable State statutes. With regularity, the reason assigned for the desirability of exclusive jurisdiction was based upon the security of and military control over the installation. Other reasons assigned were the non-applicability of State liquor regulation, non-interference with the operation of post exchanges and similar Federal instrumentalities, Federal criminal enforcement, non-taxation of leasehold interests in Wherry Housing, and the impression that exclusive jurisdiction would perfect the installation's rights as a riparian landholder.

The various installations report 10,692 residents, of which 1754 are in Virginia, 12 in Kansas and 8926 in California. Apparently the dependents of armed forces personnel were not included in the total for Kansas since the answer to another question indicates a total of 758 children residing in Kansas.

Residents of these areas are generally accorded all the rights of residents of the State, with a few exceptions. Residents are not granted a right to vote at McConnell Air Force Base, Kansas, and Beale Air Force Base, California. They are denied equal use of facilities at Topeka Air Force Base, Kansas, and at Beale in California. All of these installations are held under exclusive or partial Federal legislative jurisdiction. Since California now grants complete political rights to residents of Federal areas within its borders, it appears that some error has been made by local officials in regard to the rights of residents at Beale Air Force Base.

Seven thousand one hundred and fifty-three children reside on Air Force installations within the three States. Children of military personnel in Virginia number 916, in Kansas 758, and in California 5200. In addition, 279 children of civilians reside on Federal areas within California. All of the children are enabled to receive public education, with no reported difficulties. In many instances, however, the local school districts receive Federal grants-in-aid.

Notaries public were reported as available on base in 13 instances; on 7 bases notaries were not present. Where a notary was not situated on the installation, the distance to the nearest notary varied from one to 27 miles, the average distance being 8.5 miles.

The services of a United States Commissioner are required in 8 instances. The distance to the nearest commissioner varies from one on base to 55 miles distant. The average distance to the nearest U. S. Commissioner is approximately 23 miles. Fifteen installations reported that they had no requirement for the services of a U. S. Commissioner.

The services of local police were required and rendered in 8 instances. In 2 of these cases, the main function of local police was in traffic regulation. Six of the installations which reported the receiving of local police services are held under exclusive or partial Federal jurisdiction; the remaining 2 bases are held under concurrent jurisdiction. Fourteen installations reported no requirement for the services of local police.

Fire protection was rendered by Federal sources in 16 cases, locally in 2, and reciprocally in 5. Factors other than the jurisdictional status of the lands involved appear to determine the source of fire protection.

Agency views. The policy of the Department of the Air Force with respect to the acquisition of legislative jurisdiction has been to acquire exclusive jurisdiction as a matter of course over all permanent installations wherever State statutes permit, except for bombing and gunnery ranges, for which no jurisdiction is acquired. The relatively small percentage of Air Force properties having any Federal jurisdictional status is explained by the following factors: (1) Many permanent installations have only recently been so designated and time has not permitted the obtaining of Federal jurisdiction, (2) rapid enlargement of installations by land acquisition and a time lag in obtaining Federal jurisdiction, and (3) the largest Air Force acreage represents bombing and/or gunnery ranges; these are for the most part located in the Western States and are comprised in a large part of public domain land which is not generally covered by enabling legislation; also it has been deemed neither necessary nor desirable to obtain Federal jurisdiction over bombing ranges, as generally no personnel or equipment are permanently located on them.

The Department of the Air Force is of the apparent view that a form of partial legislative jurisdiction would be most desirable. The Department envisages a type of jurisdiction in which the civil and political rights of the Federal residents would not be disturbed and yet would vest in the Federal Government substantial powers. It feels that reservations by the States of authority to control fishing and hunting, regulate and license private businesses and the power of taxation would not materially affect the military function. The Department more recently has indicated a view that concurrent rather than exclusive legislative jurisdiction is that toward which it would probably lean.

Department of Justice

Data from Questionnaire A. The reports of the two agencies of the Department of Justice which occupy, operate, or supervise real property owned by the Federal Government in the several States indicate that they have 48 such properties, aggregating 25,534.58 acres (Immigration and Naturalization Service 17 properties, 68.48 acres; Bureau of Prisons 31 properties, 25,466.1 acres). The jurisdictional statuses of such properties are as follows:

Jurisdiction	Number	Area
a. Exclusive	11 & parts of 5	16,205.44 acres
b. Concurrent	none	---
c. Partial	2	2,016.4 acres
d. Proprietorial	23 & parts of 5	2,962.84 acres*
e. Unknown	7 & parts of 2	4,349.9 acres**

*plus unspecified acreage of 3 prison camps
**plus unspecified acreage of 2 prison camps

Data from Questionnaire B. Information reported by the Department of Justice agencies concerning the legislative jurisdictional status of their properties in the three States to which Questionnaire B appertains may be summarized as follows:

	Jurisdiction	Number	Area
Virginia	Exclusive	1	1540.4
	Proprietorial	1	unknown
Kansas	Partial	1	768.21
California	Exclusive	3	44.04
	Proprietorial	5	107.70
Totals		11	2460.35

A total of approximately 333 persons, including approximately 120 children of school age, being Government employees or their families, reside on the Department's properties. These persons appear on the whole not to be discriminated against because of the status of the areas upon which they live. However, in instances the right to vote has been denied persons resident on lands under the exclusive (or partial) legislative jurisdiction of the United States. Indeed, it appears from information in the hands of the Committee that at least in the case of one installation of the Bureau of Prisons, at El Reno, Oklahoma, the right to vote has been denied to residents although the installation would appear not to be within the legislative jurisdiction of the United States, the State having limited its cession of jurisdiction to the land involved for use of the land for military purposes only.

Agency views. The Immigration and Naturalization Service has had a policy of not accepting jurisdiction over lands acquired for its purposes, and only in two instances, where lands were originally acquired by other agencies for other purposes, does the Service have lands over which the United States has legislative jurisdiction. The Service states that all its needs have been met under a proprietorial interest.

The Bureau of Prisons' practice with respect to the acquisition of legislative jurisdiction over its installations has in the past not been uniform. The Bureau now feels, however, that concurrent jurisdiction would be the most suitable for all prison sites.

Department of the Interior

Data from Questionnaire A. The number of properties owned by the United States and occupied, operated, or supervised by the Department of the Interior approximates 1070 properties comprising over 215,000,000 acres. The numbers of these properties under the various Bureaus of the Department are as follows:

Bureau	Number of properties
National Park Service	161
Bureau of Reclamation	120
Fish and Wildlife Service	312
Bureau of Land Management	218
Bureau of Mines	25
Geological Survey	2
Southwestern Power Administration	128
Bonneville Power Administration	221
Bureau of Indian Affairs	101
Total	1070

These properties are used for a number of purposes by the Department, the amounts devoted to these uses and the jurisdictional statuses of the land being indicated by the following table:

Character of Federal jurisdiction, classified by use (in acres, with number of properties in parenthesis).

Character	Exclusive	Partial	Concurrent	Proprietaryal
Parks	2,907,442.35 (4)	5,211,428.36[1] (15)	—	2,406,027.10 (7)
Monuments	5,663.93 (6)	—	—	3,997,420.81 (73)
Historical Parks	116.50 (1)	—	—	11,444.47 (5)
Military Parks	16,456.71 (8)	—	2,544.82 (1)	5,341.80 (2)
Battlefield Parks	—	—	3,094.21 (1)	2,393.31 (2)
Memorial Parks	—	—	—	64,648.50 (1)
Battlefield Sites	—	—	—	188.63 (1)
Memorials	2.71 (1)	—	—	4,420.61 (5)
Historic Sites	—	8.61 (1)	—	1,305.91 (9)
Cemeteries	200.43 (8)	—	15.55 (1)	—
Parkways	—	26,657.55 (3)	—	50,993.44 (2)
National Capital Parks	—	— [2]	—	28,054.43 (1)
Parkway Projects	—	3,009.34 (2)	—	—
Other Projects	—	—	—	21,560.54 (3)
Reclamation [3]	—	—	—	9,003,195.85 (120)
Wildlife Refuges [4]	44,000.00 (1)	—	—	9,200,504.00 (208)
Fish Cultural Station[4]	—	—	—	15,511.00 (96)
Fish & Wildlife Research Stations [4]	—	—	—	54.00 (7)
Public Domain	—	—	—	179,863,289.00 (1)
Mineral Research	—	12.25 (1)	—	443.77[5] (11)
Helium Production	—	393.03 (2)	—	26,306.98 (6)
Drainage Tunnel	—	—	—	169.28 (1)
Oil and Gas Leasing	—	—	—	22.3 (2)
Power Substations, etc.	—	—	—	2,857.55 (203)
Fee portions of transmission lines	—	—	—	4,967.98 (39)
Flood Control Sites	—	—	—	375.77 (107)
Indian Admin. Installations	—	—	—	2,750,000.00 (101)
	2,973,882.63 (29)	5,241,509.14 (24)	5,664.58 (3)	207,482,497.03 (912)

TOTAL 215,703,553.38

(In square feet, with number of properties in parenthesis)

Character	Exclusive	Partial	Concurrent	Proprietorial
Administrative	—	—	—	241,847 (217)
Research	—	—	—	109,120 (1)
Rescue Station	—	—	—	7,500 (1)
TOTAL	—	—	—	358,467 (219)

1/ Includes some acreage under proprietorial jurisdiction.

2/ Includes Maryland portion of the Baltimore-Washington Parkway, a part of which is under the exclusive criminal jurisdiction of the United States, and a part under concurrent criminal jurisdiction.

3/ Listed by project only, but including dams, flood control works, power stations etc., often non-contiguous.

4/ All properties of the Fish and Wildlife Service are listed as proprietorial only since the Service never exercises more than proprietorial jurisdiction, despite the fact that greater jurisdiction is possibly tendered by numerous State laws. If these cession laws actually vested jurisdiction in the United States, then the actual jurisdictional status of the Service's properties is as indicated by the following table:

Character	Exclusive	Partial	Concurrent	Proprietorial
Wildlife Refuges	222,892	1,472,535	—	6,649,077
Fish Cultural Stations	—	10,160	—	5,351
Research Stations	—	37	—	17
TOTAL	222,892	1,482,732	—	6,654,445

Data from Questionnaire B. The acreages and jurisdictional statuses of properties held by the Bureaus of the Department of the Interior in the States of Virginia, Kansas and California are reported as follows:

Bureau*	Exclusive	Concurrent	Partial	Proprietorial	Total
Geological Survey	-	-	-	20	20
Bureau of Reclamation	-	-	163,885	1,156,616	1,320,501
Bureau of Land Management	-	-	-	17,509,575	17,509,575
Bureau of Mines	-	-	103	-	103
National Park Service	1,140,361	2,129	760,949	2,313,973	4,217,412
Fish and Wildlife Service	-	6,189	150,718	9,031	** 214,120
Totals	1,140,361	8,318	1,075,655	20,989,215	23,261,731

*Data furnished by Bureau of Indian Affairs did not permit compilation of areas in California, Kansas and Virginia. Properties under management of that Bureau are therefore not included in this table.

**Including 48,182 acres the status of which is not known.

A general satisfaction was evidenced in the status quo of jurisdiction by the individual reporting installations. The only discernible trend was the preference of some national parks toward a concurrent legislative jurisdiction, which, in the majority of cases, was less than the existing status. The main practical advantage found in concurrent jurisdiction is the right of the Federal Government to provide adequate policing of isolated regions where the State authorities are either unable or unwilling to perform such services.

Residing on these installations are found 2,132 persons, most of whom are in areas within the limits of national parks. In this respect, it should be pointed out that many of these residents are residing on lands which they own, but which are "inholdings" in national parks, plots within the exterior boundaries of the parks.

There were no reported instances in which residents were denied equal vote, equal privileges, or equal use of facilities.

There are 524 school children residing on lands held by the Department of the Interior in California, Kansas, and Virginia. All of these children appear to be admitted to State schools on an equal basis with State residents. Only two installations reported that local schools received Federal-grants-in-aid, the remainder were silent on this matter.

Regardless of jurisdictional status, in all cases except one vital statistics were maintained and related certificates issued by the State authorities. (One national military cemetery, however, reported that its records were maintained by the Federal Government.) Likewise, local coroners investigated any deaths occurring on the premises under unknown circumstances.

In almost all installations services of State notaries public were not available on the premises. Distances to the nearest notary public varied from $\frac{1}{4}$ mile to 102 miles.

About half of the properties reported a need for the services of a United States Commissioner. Distances to the nearest commissioner varied from one in residence on the installation to 150 miles.

Most of the installations reported need of the services of local police and in all instances such services were rendered.

Fire protection was provided locally in 18 cases, by the Federal Government in 25, and reciprocally in 10 instances. The type of jurisdiction does not appear too relevant in determining the source of fire protection. Rather, such factors as size of the installation, size and resources of the surrounding localities, and remoteness of the installations are of paramount importance.

Agency views. The policy of the Department of the Interior with respect to the acquisition of legislative jurisdiction has been to acquire its lands under a proprietorial interest only wherever possible, and not to accept legislative jurisdiction.

The Department of the Interior is of the opinion that there is in general no necessity for legislative jurisdiction over its properties and that the efficiency of Federal operation is not impaired by holding lands under a simple proprietorial interest. For certain national parks and monuments which cover vast areas and which are situated in remote regions of the country, partial jurisdiction is deemed necessary, although the Department recognizes that the State should have substantial authority in these federally owned areas. For certain wildlife refuges, where the problems seem to be similar, the Department has indicated the possible desirability of a concurrent jurisdiction status.

Department of Agriculture

Data from Questionnaire A. The six agencies of the Department of Agriculture which operate or supervise real property owned by the United States have a total of 532 properties aggregating 168,351,577 acres plus 39,433 square feet of office space, making the Department one of the largest landholding agencies of the Government (second only to the Department of the Interior). While most of the Department of Agriculture's land is held in a status of proprietorial interest only, the Department has lands in each of the other categories defined by the Committee. The following table summarizes the jurisdictional status of the lands:

	Exclusive		Concurrent		Partial		Proprietorial	
	Acreage	No.	Acre-age	No.	Acreage	No.	Acreage	No.
Agricultural Research Service	36,799.2	6	8,406.6	1	39.7	1	312,455.2	67
Commodity Stabilization Service							354.8	12
Farmers Home Administration							13,414.6	103
Forest Service	101,000.0	3			5,644,000.	0*	162,179,486.8	292**
Secretary's Office	333.4	1						
Soil Conservation Service							55,286.7 and 39,433 sq.ft.	46
	138,132.6	10	8,406.6	1	5,644,039.7	1*	162,560,998.1 and 39,433 sq.ft.	520**

*plus unspecified number included under proprietorial
**less unspecified number for inclusion under partial

It may be noted, incidentally, that with respect to a certain number of other properties the United States has by statute assumed authority over wildlife but this action appears to constitute an exercise of power under some other clause of the Constitution rather than assumption of jurisdiction under Article I, Section 8, Clause 17.

Data from Questionnaire B. Responses from Department of Agriculture installations in Virginia, Kansas and California indicate that four agencies of the Department of Agriculture supervise a total of 54 properties aggregating 21,502,772 acres and an additional 27,500 square feet, in the three States involved. Most of this property is held in a proprietorial interest only status, without legislative jurisdiction (51 areas aggregating 21,468,437 acres), but three areas aggregating 4,336 acres are held under exclusive legislative jurisdiction, and a portion (30,000 acres) of one otherwise proprietorial interest only property is held under a partial jurisdiction status.

California	Acreage	No.
Agricultural Research Service:		
Proprietorial	311.5	4
Exclusive	218	2
Farmers Home Administration:		
Proprietorial	39.9	1
Forest Service:		
Proprietorial	19,978,064.7	28
Soil Conservation Service:		
Proprietorial	60	1
Sub-totals: Proprietorial	19,978,476.1	34
	218	2
	19,978,694.1	36
Kansas		
Forest Service:		
Proprietorial	106,474	1
Farmers Home Administration:		
Proprietorial	1,000	6
Soil Conservation Service:		
Proprietorial	181.4*	5
Sub-totals: Proprietorial (Kansas Totals) (*Plus 2,450 sq. ft. of space)	107,655.4*	12
Virginia		
Agricultural Research Service:		
Exclusive	4,118	1
Farmers Home Administration:		
Proprietorial	93.8	1
Forest Service:		
Proprietorial	1,382,212	3
Partial	30,000	(1 portion)
Sub-totals: Proprietorial	1,382,305.8	4
Exclusive	4,118	1
Partial	30,000	(1 portion)
Virginia Totals	1,416,423.8	5
	Acreage	No.
THREE STATE TOTALS:		
Proprietorial: (plus 2,450 sq. ft. office space)	21,468,437.3	50
Exclusive:	4,336.0	3
Partial:	30,000.0	(1 portion)
	21,502,773.3	53

A total of 6,431 residents (approximately) are on the properties, including 1328 children attending schools. While the great majority of residents are on Forest Service properties as to which the Federal Government has only a proprietorial interest, it appears that discriminations are not practiced by the States and local communities against the residents who are on other properties, and all resident children attend schools on an equal basis with other children.

It is noted that local police assistance is required and rendered from time to time on various properties, including some properties under the exclusive jurisdiction of the United States. A number of affirmative recommendations are made for proprietorial interest on the grounds that it expedites arrest and punishment of petty thieves by local authorities, and that local authorities under such a status can supervise the hunting of game. In a number of instances Federal authorities are not readily available to enforce law, and in some such cases law enforcement by local authorities has been reported by some installations as essential to the carrying out of their functions.

Agency views. The Department of Agriculture is of the view that a proprietorial interest is sufficient to its needs as to all its properties. Consequently it is the policy of the Department to acquire no legislative jurisdiction over its land holdings.

Department of Commerce

Data from Questionnaire A. The reports of the seven agencies of the Department of Commerce (Bureau of the Census, Civil Aeronautics Administration, Coast and Geodetic Survey, Maritime Administration, Bureau of Standards, Bureau of Public Roads, and Weather Bureau), which occupy, operate, or supervise real property owned by the Federal Government in the several States, indicate that together these agencies have 263 such properties, aggregating 32,688.68 acres, plus 2 such properties containing 474,360 square feet of office and storage space. The property supervised by the Department of Commerce is spread through the United States, excepting only 10 States, and is used for general office and storage space, air navigation aids, airports, regional headquarters, housing geophysical and meteorological observatories, laboratories and testing areas, shipyards, marine terminals, warehouses, maritime training stations, reserve fleet installations, equipment depots, flight strips, and highway rights-of-way. The legislative jurisdictional status of areas operated under the Department of Commerce may be summarized as follows:

Jurisdiction	Number	Area
Exclusive	5	48.3 acres
"	2	474,360 sq. ft.
Concurrent	none	none
Partial	1	616 acres
Proprietorial	251	31,623.64 acres
Unknown	6	400.74 acres
	265	32,688.68 acres

Data from Questionnaire B. Responses from Department of Commerce installations in Virginia, Kansas and California concerning legislative jurisdictional status may be summarized as follows:

Virginia

Jurisdiction	Number	Acreage
Unknown	1	187
Exclusive	none	none
Concurrent	none	none
Partial	1	616
Proprietorial	8	3,045.93
	10	3,848.93

Kansas - None

California

Unknown	1	2.5
Exclusive	none	none
Concurrent	none	none
Partial	none	none
Proprietorial	29	4,964.8
	30	4,967.3

ARCHIVAL BOND
25% COTTON

The several agencies on the whole have found the legislative jurisdictional status of their properties satisfactory. The predominating proprietorial interest only jurisdiction is chiefly preferred because of the local police protection which it brings. However, in one such case the Bureau of Public Roads reports difficulty in procuring police services and suggests the desirability of concurrent jurisdiction for the area; the problem apparently arises because of some misunderstanding. The mentioned Bureau also suggests the desirability of changing the legislative jurisdictional status of 4 of its installations from exclusive to concurrent for the purpose of strengthening its position when local police or fire protection services are required.

Eleven residents, including two school children, are located upon premises of the Department of Commerce in Virginia and California. Such residents are indicated as having accorded to them all services and privileges usually rendered by State and local governments only to residents of the State involved.

The Civil Aeronautics Authority makes special reference to the area occupied by the Washington National Airport, the jurisdiction of which is indicated as being partial, Virginia having reserved the right (1) to tax certain motor fuel and lubricants, (2) to serve civil and criminal process, and (3) to regulate the manufacture, sale and use of alcoholic beverages. CAA finds satisfactory the current legislative jurisdictional status of Washington National Airport, excepting an existing State-imposed prohibition on the use of alcoholic beverages other than light wines and beer. In this connection it points out that travelers using the airport come from all parts of the world, that many have a vastly different outlook than is represented by Virginia laws, and that the prohibitions on use of alcohol at the airport seem arbitrary. CAA recommends transfer to Federal jurisdiction of authority over this subject, but would have no objection to payment to Virginia of taxes on alcohol consumed on the premises.

Agency views. The Department of Commerce apparently has no Departmental policy with respect to the acquisition of legislative jurisdiction. However, all of the landholding agencies of the Department have a policy of accepting only a proprietorial interest in lands acquired for their several purposes.

The land acquiring agencies of the Department, with the exception of the Bureau of Public Roads, and the CAA with respect to the Washington National Airport, whose views have been indicated, are of the view that it is unnecessary for the proper performance of Federal functions to acquire any measure of legislative jurisdiction over their installation sites.

Department of Health, Education, and Welfare

Data from Questionnaire A. The properties owned by the United States and occupied, operated or supervised by agencies of the Department of Health, Education, and Welfare aggregate 3848.063

acres outside the District of Columbia. The major part of this land is composed of hospitals, most of which are held under exclusive Federal jurisdiction. The status of quarantine stations, which are located on land aggregating 88.8 acres, is for the most part unknown to the Department. The various agencies of the Department also occupy office space in buildings held by other Federal agencies. The jurisdictional status of these lands is indicated by the following table:

	Total	Exclusive	Partial	Proprietorial	Unknown
St. Elizabeths Hospital, Md.	307.0	307.0	-	-	-
Public Health Service:					
Quarantine stations	88.8	.3	-	6.9	81.6
Hospitals	2942.413	2917.034	8.679	15.4	1.3
Communicable Disease Centers	147.0	-	27.0	120.0	-
National Institutes of Health	362.85	306.2	35.15	21.5	-
TOTALS	3848.063	3530.534	70.829	163.8	82.9

Data from Questionnaire B. The only bureau of the Department of Health, Education, and Welfare which supervises federally owned property in any of the three States covered by this questionnaire is the Bureau of Medical Services, which has four properties in California and Virginia, two being in each State. All such property is acquired.

(all figures in acres)

	Total	California	Virginia	
Exclusive	47.934	34.501	13.433	(portion of installation at Norfolk)
Partial	8.679	-	8.679	(installation at Ft. Monroe and portion at Norfolk)
Proprietorial	5.6	5.6	-	
	62.213	40.101	22.112	

A general satisfaction with the jurisdictional status quo was reported. Among the advantages of exclusive jurisdiction are listed the following: Federal property is not subject to State taxation;

automobiles of personnel living on the reservation not subject to local taxes; disposition of personal effects upon death of patient according to departmental regulations rather than relinquishment of such effects to the local Public Administrator. Advantages accruing from holding property under partial jurisdiction and proprietorial interest include local fire and police protection, lectures on fire prevention, and trash collection.

There are 125 residents and 29 school children residing on the lands in question, 63 residents (12 children) in Virginia, and 62 residents (17 children) in California. The rights of State residency appear to be granted in every case: equal vote, equal schooling, equal privileges and equal use of facilities.

Vital statistics are maintained locally in all instances; the local coroner investigates deaths on three reservations, on the fourth such functions are performed by military authorities.

Notaries are available on the premises in two instances. Where not on the premises they were available at a short distance.

Services of a United States Commissioner are stated to be required, and available, only at the San Francisco hospital.

Local police services are reported required in two instances, and available in only one of these cases. It is desired that such services be made available at Norfolk (exclusive jurisdiction). The San Francisco hospital, held under exclusive jurisdiction, reports that local police investigate thefts and remove disorderly persons from the premises.

Fire protection is available locally on three premises; on the fourth, military authorities provide such services.

Agency views. The Department of Health, Education, and Welfare indicates that prior to this study it had not formulated or expressed its views on appropriate jurisdictional status for the areas it occupies. For this and other reasons the practices of the subordinate agencies of the Department have varied with respect to the acquisition of legislative jurisdiction. The National Institutes of Health and the Bureau of Medical Services, which manage approximately nine-tenths of the Department's land holdings have acquired exclusive (or partial) jurisdiction over essentially all of their installations. The practice of the other agencies has not been uniform. All agencies seem to be reasonably satisfied with the jurisdictional status quo. The Department recently has come to the view that a proprietorial interest is most desirable for the large bulk of its properties, and that a concurrent jurisdiction status is more desirable in a relatively few of its institutions where special problems exist with respect to law enforcement.

Atomic Energy Commission

Data from Questionnaire A. The Atomic Energy Commission operates 35 properties totalling 1,605,817.36 acres. These vary in size from half-acre laboratories to 430,248-acre testing stations. The jurisdictional status of these properties is as follows:

Categories		Acreage and Jurisdiction			
		Exclusive	Concurrent	Partial	Proprietorial
30 Industrial		8,874	0.36	682	1,105,111
4 Industrial - Community		2,185	0	0	488,939
1 Administrative		0	0	0	26
Total	1,605,817.36	11,059	0.36	682	1,594,076

Data from Questionnaire B. The Atomic Energy Commission occupies two properties in the State of California, and none in Virginia or Kansas. The two installations cover approximately 34,905 acres, of which 24,462 acres were withdrawn from the public domain, and 10,443 acres acquired land; 34,224 acres are held in a proprietorial interest only, and 681 acres under partial jurisdictional status.

One of the installations (partial jurisdiction) has no residents, another (proprietorial) 120, with 15 children of military personnel and 18 of civilians. These persons were allowed equal vote, equal use of State and local facilities, and equal privileges, and their children were given equal schooling, with persons domiciled in the State.

Vital statistics were maintained by local authorities and investigations of deaths occurring on the premises were undertaken by the local coroner.

Notaries were available at one installation and were 24 miles distant at the other.

The installation held in a proprietorial interest only reported no need for a United States Commissioner; the installation under partial legislative jurisdiction replied affirmatively to such need and reported that a United States Commissioner was available 40 miles from the installation.

In the areas held in a proprietorial interest only, police functions are performed by hired guards who have been deputized as sheriffs by the local authorities. In the areas under partial jurisdiction, police functions are performed by guards who are members of the California State Highway Patrol. While the Commission indicates that it does not feel it necessary that guards have such local status, such status is customary policy with the University of California, a State corporation which operates the installation. It may be noted that the status apparently would give no authority to the guards, beyond that possessed by citizens generally, with respect to making arrests in this area.

In both instances, fire protection is Federal. The installation which was situated nearer to local communities had verbal reciprocal agreements with these communities.

Agency views. The policy of the Atomic Energy Commission with respect to the acquisition of legislative jurisdiction has been to acquire no legislative jurisdiction. Indeed, in the case of certain lands acquired from other Federal agencies which were subject to the exclusive jurisdiction of the United States, the Commission has sponsored legislation which allowed it to retrocede jurisdiction to the States.

The Atomic Energy Commission has found that a proprietorial interest only is entirely satisfactory for all categories of property operated by that agency. For properties on which communities are located the Commission considers that a proprietorial interest only offers distinct advantages over other jurisdictional categories.

Central Intelligence Agency

Data from Questionnaire A. The Central Intelligence Agency reports that it has two properties, both used for foreign radio monitoring. These properties cover 579.3 acres of acquired land, all of which are held in a simple proprietorial interest, although greater jurisdiction could have been obtained under the applicable State laws.

Data from Questionnaire B. The Central Intelligence Agency operates only one property located in the three selected states, that one being in California. This is a foreign radio monitoring station of 483 acres of acquired land, all held under a proprietorial interest only. A broader jurisdiction could have been accepted under the laws of California.

The California station reports that, "We have not experienced known disadvantage because of the application of State and local building, fire and health regulations, or other State or local law. Arrangements with local authorities and efficiency of administration doubtless have been furthered by our compliance with local pattern."

There are no residents on the California property, hence no vital statistics. Likewise, there has never been an occasion to use the services of a coroner.

A notary public is not available, the nearest one is situated about 8 miles away.

There is believed no need for the services of a United States Commissioner in the administration of the premises.

Services of State police have not been needed, but it is understood that they will be furnished if needed.

Fire protection is provided by the Central Intelligence Agency. No reciprocal arrangements with nearby localities are reported.

Agency views. The policy of the Central Intelligence Agency with respect to the acquisition of legislative jurisdiction has been to acquire no jurisdiction over any of its properties.

Since, in the view of the Agency, the status of proprietorial interest only is not inconsistent with high security standards, it favors a proprietorial interest status for all its properties.

Federal Communications Commission

Data from Questionnaire A. The Federal Communications Commission reports that it operates 12 properties having an area of 1715.45 acres. All 12 properties are used as radio monitoring stations. Of this acreage 87.27 is stated to be under the exclusive jurisdiction of the United States, and the remaining 1628.18 acres are under a simple proprietorial interest only.

Data from Questionnaire B. For radio monitoring purposes, the Commission holds 190 acres of acquired land in a proprietorial interest in California. It also maintains 7700 square feet of office space in that State. In the State of Virginia it occupies 1020 square feet of office space. It neither holds, supervises nor uses any land in Kansas.

The Commission feels that the proprietorial status of its California lands is adequate for the purposes for which they are held. It notes that no particular disadvantages, problems, or advantages have arisen from the application of State or local laws.

There are no residents on the premises.

Should the occasion arise, a local coroner would investigate deaths, and records of vital statistics would be kept by the local authorities.

Notaries are available at only one of the California monitoring stations.

Generally at the monitoring stations there is no need for the services of a United States Commissioner. However, at the various district offices such services are occasionally necessary in connection with enforcement matters.

Agency views. Since 1940 it has been the policy of the Commission not to obtain any measure of legislative jurisdiction over its land acquisitions.

It is the view of the Commission a proprietorial interest only is wholly sufficient for the performance of all its Federal functions.

General Services Administration

Data from Questionnaire A. The General Services Administration, as the manager of Federal buildings throughout the United States used by various Federal agencies for various purposes, including predominantly post offices and general office space, supervises a much larger number of individual properties (3904) than any other agency of the United States, more than a third (by number) of all properties owned by the Federal Government. The use and description of the 3904 properties reported by General Services Administration, including the acreage and the jurisdictional status of the holdings are presented in the chart below:

Description	Property-Use Code	Pieces of Prop. in Category	Building (sq.ft.)	Land		Exclusive	Concurrent	Partial	Proprietorial	TOTAL
				Urban (acres)	Rural (acres)					
I. Office-Office Building	113 210	3,471	102,326,469	3,621.7	408.1	3,244	12	204	11	3,471
II. Vacant Post Office Sites	121	163	120,694	114.3	9.9	136	14	12	1	163
III. Vacant	119	53	500	58.4	730.8	51	—	2	—	53
IV. Other Land	170 101 106 107 116	32	839,360	453.0	18,965.2	26	1	5	—	32
V. Housing	230	31	3,169,532	423.6	827.9	27	—	4	—	31
VI. Storage, Land & Building	117 240	41	10,214,989	386.4	439.4	35	2	4	—	41
VII. Industrial	105 250	54	9,062,458	6,733.3	10177.6	45	3	6	—	54
VIII. Structures & Facilities	370 304 115 111	15	480,879	187.9	148.2	10	—	5	—	15
IX. Institutional	110 221 229	44	16,644,747	6,220.0	28643.0	42	—	1	1	44
TOTAL		3,904	142,859,628	18,198.6	60350.1	3,616	32	243	13	3,904

While the area of GSA properties held in each jurisdictional status is not specified in the GSA report, it is indicated that 3,616 properties (92.6%), are held in an exclusive jurisdiction status, 32 properties (.8%) in a concurrent jurisdictional status, 243 (6.2%) in a partial jurisdiction status, and 13 (.4%) in a proprietorial interest only status. By applying these percentages across the board to the total areas of its properties in each of the categories (buildings, urban land, and rural land), reported by GSA the following results are obtained:

				Land	
	No.	Percent	Buildings (sq.ft.)	Urban* (sq.ft.)	Rural (acres)
Exclusive	3,616	92.6	132,288,015	734,068,921	55,884
Concurrent	32	.8	1,142,877	6,341,848	483
Partial	243	6.2	8,857,297	49,149,323	3,742
Proprietorial	13	.4	571,439	3,170,924	241
Total	3,904	100.0	142,859,628	792,731,016	60,350

*Converted to square feet from acreage reported.

Data from Questionnaire B. The areas and jurisdictional statuses of General Services Administration properties in the States of Virginia, Kansas and California, as to which reasonably detailed information was furnished are as indicated by the following table:

	Exclusive	Concurrent	Partial	Proprietorial	Unknown
Kansas (sq.ft.)	409,956	-	-	-	-
(acres)	.34	-	-	-	
Virginia					
(sq.ft.)	9,131,604	-	605,700	-	496
(acres)	.4	-	-	-	-
California					
(sq.ft.)	2,664,693	-	86,084	885,938	1,548,423
(acres)	41.3	-	3.6	22.5	3,411.4

Individual General Services Administration installations in California (29 in number), the legislative jurisdictional status of which is known, whatever that jurisdictional status, without exception indicate that a proprietorial interest status is the most desirable for the installation involved. Individual installations in Virginia (15 in number) the jurisdictional status of which is known, nearly all being in an exclusive status, are approximately evenly divided on whether that is the most desirable status with half of the installations favoring lessening the status to one under which the State would be authorized and required to render police and fire services.

Individual installations in Kansas (6 in number) the jurisdictional status of which is known, all but one recently acquired property being in an exclusive status, consider exclusive jurisdiction the most desirable status.

Only one installation (Tecale, California) indicated that there were any residents on the area. This installation reported a total of 10 residents and no children. Although the installation is held under exclusive jurisdiction, the report indicated that equal schooling was available. It likewise disclosed that these residents were granted equal privileges and equal use of facilities.

In a substantial majority of the cases, vital statistics are taken and maintained by local authorities regardless of the status of jurisdiction. The reports also disclose that in the majority of cases no occasion has arisen requiring the services of a coroner. Only 3 reports show that a local coroner investigates deaths, in one instance by contract with the installation, which had an exclusive jurisdiction status.

Availability of notarial services was reported affirmatively in 20 instances and negatively in 30 cases. This question was not answered in 16 reports. Where no notary was on the installation such services were generally available within a short distance. In 13 cases these services were performed on areas under exclusive Federal jurisdiction, notwithstanding the questionable validity of such notarizations.

Services of a United States Commissioner were required in only 4 instances and a negative report was received in 47 cases. In the 4 cases requiring the services of a United States Commissioner, such services were available in the same building.

Twenty-seven installations reported a need for local police services while 24 installations indicated no need for such services. In none of the 27 reports indicating a need for local police services was there any indication that such services were in fact rendered. However, 6 installations reported that the local police were reluctant to make arrests or to quell disturbances on the area, thus indicating that services were rendered in part.

Whether or not local fire protection was rendered does not appear to depend upon the jurisdictional status of the land in question. This is substantiated by the fact that 50 installations, 26 of which are held under exclusive Federal jurisdiction, reported that local authorities furnished fire protection for the area. Only 2 installations reported that such protection was rendered by the Federal Government, and no report disclosed a reciprocal arrangement.

Agency Views. The apparent practice of General Services Administration and its predecessor agencies with respect to the acquisition of legislative jurisdiction was until about 1947 to obtain exclusive jurisdiction over all properties acquired, without reference to the needs of the Federal agencies which might occupy the property. The practice subsequent to that time has not been made known to the Committee but from the facts furnished the Committee it is surmised that exclusive jurisdiction is almost uniformly acquired.

The General Services Administration did not in the first instance express any agency opinion as to the desirability of any particular measure of legislative jurisdiction. The opinion among Regional Counsel, whose views were forwarded, was divided. Among those who had little or no experience with any form of legislative jurisdiction other than exclusive, the consensus was to maintain the *status quo.* Among those who had substantial experience with lesser forms of jurisdiction the consensus was in favor of concurrent jurisdiction or a proprietorial interest only. Later, the General Services Administration expressed the view that with amendment of existing legislation so as to permit appointment of special police without reference to jurisdictional status a proprietorial interest only would be sufficient for its properties. In the absence of such amendment, a concurrent legislative jurisdiction status would be desirable for properties requiring special police service, and a proprietorial interest for others.

Housing and Home Finance Agency

Data from Questionnaire A. The only subagency of the Housing and Home Finance Agency which occupies, operates or supervises properties of a type to bring them within the cognizance of this Committee is the Public Housing Administration. That Administration holds an estimated 17,205.28 acres (plus certain unascertained acreage) of federally owned land, on which are located 403 projects, with approximately 121,879 housing units, of which approximately 79,263 are occupied. Some of these projects are located in part on leased lands, but the leased land is not included in the mentioned acreage. In addition, the Public Housing Administration is in charge of and operates housing projects situated on land owned by the United States which is under the supervision of other Government agencies, particularly the Department of Defense. The jurisdictional status of nearly all of this acreage is proprietorial.

Data from Questionnaire B. In the three States to which the Committee's Questionnaire B pertains (California, Kansas, and Virginia) the Agency holds something over 7,708 acres of land, principally under a proprietorial interest only status, on which are located 74 housing projects.

In California, Kansas, and Virginia, a total of 42,685 children are resident on land of the Agency; 16,263 of this total are children of civilians, and 26,422 are children of military personnel.

No report is made of any practice by States or municipalities of discrimination against residents of such of these properties as are under a proprietorial jurisdictional status with respect to voting or other rights and privileges generally accorded to State residents. Some such discriminations are indicated as having been practiced, at least in Kansas with respect to residents of areas under the exclusive legislative jurisdiction of the United States. It appears, however, that in most instances land in Kansas and elsewhere utilized for housing projects by the Agency, though formerly under the exclusive legislative jurisdiction of the United States, has been held to revert to the jurisdiction of the State (because of a provision of the Lanham Act (42 U.S.C. 1547)). California, pursuant to State judicial decisions, apparently permits the full exercise of civil rights and privileges by residents of Federal housing projects. All housing now held by the Agency in Virginia is in a proprietorial interest only status and no question of denial of civil rights or privileges arises.

Agency Views. In the view of the Housing and Home Finance Agency there is no need for the acquisition of legislative jurisdiction over Federal housing projects and the practice of the Agency has been to acquire none.

International Boundary and Water Commission, United States and Mexico

Data from Questionnaire A. The number of properties owned by the United States and occupied, operated or supervised by the International Boundary and Water Commission is seven, comprising 99,284 acres. The jurisdictional status of these lands is reflected in the following table:

Category	Number	Concurrent Acreage	Proprietorial Acreage	Total Acreage
Flood Control	4	488	17,604	18,092
Multipurpose (flood control, water storage and power generation)	2	-	81,125	81,125
Storage	1	-	67	67
Totals	7	488	98,796	99,284

Data from Questionnaire B. As the United States does not hold title to land in Virginia, Kansas or California under the supervision of the Commission, there were no responses to Questionnaire B.

Agency Views. It is the opinion of the Commissioner that there is no need for Federal legislative jurisdiction with respect to the various categories of Federal lands operated by the agency.

Tennessee Valley Authority

Data from Questionnaire A. The properties owned by the United States and occupied, operated, or supervised by the Tennessee Valley Authority number 487 aggregating 761,226 acres of land, plus 158,634 square feet of office space in 3 buildings. Nearly 98% of the total acreage of Tennessee Valley Authority properties is accounted for by 38 dam and reservoir sites, but substantial areas are utilized for steam plants, transmission substations, radio stations and microwave links, general offices, field headquarters, chemical plants, phosphate mining, river terminals, tree crop nurseries, garages, general service reservations, quarry sites and tributary watershed erosion control.

The jurisdictional status of these lands is as indicated in the table following:

Jurisdiction	Number	Area
Exclusive	10	2,855 acres
	2	95,700 sq. ft.
Concurrent	none	none
Partial	none	none
Proprietorial	474	758,371 acres
	1	62,934 sq. ft.

Data from Questionnaire B. Of the three States to which Questionnaire B pertains, Tennessee Valley Authority has property in only one, Virginia, in which are located 4 installations consisting of part of a reservoir, two transmission substations, and a transmission line with a total area of 1211 acres, all of which are in a proprietorial interest only status.

The United States Forest Service gives fire protection to certain of the premises, with additional such protection available from State authorities. The other premises are given fire protection by a neighboring municipality, on a reimbursable basis for any services actually rendered.

Police services which may be required with respect to any of the premises from time to time, and such other governmental services as may be needed in the case of drownings in the reservoir, are furnished by local authorities.

The premises have no residents, and only one employee, and have no requirement for any governmental services other than those mentioned. The Tennessee Valley Authority indicates that no problems arise out of the fact that the United States has only a proprietorial interest in these premises, with general legislative jurisdiction left in the State, and it considers this jurisdictional status as best suited to the premises.

Agency Views. The Tennessee Valley Authority has had a policy of not accepting legislative jurisdiction over lands acquired for its purposes, and the United States holds such jurisdiction over only such of Tennessee Valley Authority's property as was acquired from other Federal agencies.

United States Information Agency

Data from Questionnaire A. The United States Information Agency holds 5 properties, all of which are used for radio transmitter purposes. These properties encompass 5229.5 acres, all held in a proprietorial capacity by the United States. It is not stated whether these lands were in the public domain or were acquired.

Data from Questionnaire B. The United States Information Agency holds 2 properties in the State of California, each comprising 640 acres. These 1,280 acres of acquired land are held in a proprietorial interest, and both are used for radio transmitters. No lands are held by the agency in Kansas or Virginia.

These installations feel that a proprietorial status is best suited for their purposes. They do not specify any reasons for this belief, however. Local laws and regulations, they report, have created neither disadvantages and problems nor advantages.

There are no residents on either of these properties.

Notarial services are not needed or available on the premises. Notaries are located within one and five miles of the two installations.

The services of a United States Commissioner are not required. Likewise there is no need for local police services.

Fire protection is provided by the local authorities.

Agency Views. In the view of the United States Information Agency a proprietorial interest only status is most suitable for its properties. Consequently, the practice of that agency has been to acquire no legislative jurisdiction over the sites of its installations.

Veterans'Administration

Data from Questionnaire A. The properties owned by the United States and occupied, operated or supervised by the Veterans' Administration number 176 installations, plus 14 vacant installation sites, and are located in all 48 States. The areas occupied by these units in the States vary in size from 3 acres to 2367 acres, with an average area of 230 acres, and a total area of 43,874 acres. The numbers and total approximate areas of properties reported to be under the several types of jurisdiction are indicated in the following table:

Jurisdiction	Number	Acreage
Exclusive	149 & parts of 4	38,256.32
Concurrent	11	1,787.3
Partial	6	679.0
Proprietorial	18 & parts of 4	3,151.375

In addition, the Veterans'Administration reports occupancy of one parcel, consisting of 24.04 acres, owned by the Departments of the Army and Air Force subject to exclusive jurisdiction, and one parcel, consisting of 96.2 acres, which may be subject to either exclusive or partial jurisdiction.

Data from Questionnaire B. The Veterans'Administration reported 3 properties in Virginia (totaling 687 acres), 3 in Kansas (totaling 1117 acres), and 10 in California, including a vacant site of 208 acres (totaling 2173 acres). These land holdings constitute 5% of the total holdings reported by the Veterans'Administration, and no reason appears why they should not constitute a fair sample of all Veterans'Administration properties. The following table summarizes certain information concerning the properties in the 3 States. The meanings of the letters following the jurisdictional designations are explained in the matter following the table.

Location	Area (acres)	Jurisdiction
Virginia		
Kecoughten	85	Exclusive a,a,a,a
Richmond	156	Partial c,b,b,c
Roanoke	445	Exclusive a,a,a,a

Location	Area (acres)	Jurisdiction
Kansas		
Topeka (2 tracts)	423	Partial c,a,a,c
" 2d tract		Partial or Proprietorial c,?,a, c, or d
Wadsworth	645	Exclusive c,a,a,a
Wichita	49	Partial c,c,a,c
California		
Livermore	234	Partial c,c,a,c
Los Angeles	713	Exclusive a,a,a,a
Oakland	3	Proprietorial d,d,d,d
Fresno	18	Proprietorial d,d,d,d
Long Beach	100	Partial c,c,a,c
Palo Alto	96	Exclusive d,a or c, b or c, a
San Fernando	617	Partial d,c,d,c
San Francisco	23	Exclusive a,a,a,a

The letters in the last column of the table represent the several types of jurisdiction as defined by the Committee: a = exclusive; b = concurrent; c = partial; and d = proprietorial interest only. The letter or letters before the first comma after each spelled-out specification of jurisdiction in the table indicate the view of the Assistant Administrator for Construction, Veterans'Administration, as to the character of the jurisdiction of the United States over the piece of property involved; the letter or letters between the first two commas indicate the view of the manager of the establishment as to the jurisdiction had over the property; the next letter or set of letters indicates the view of the General Counsel of the Veterans'Administration; and the last letter or set of letters indicates the view of the Committee staff. Of considerable significance is deemed the fact that in only 6 of the 14 cases analyzed did all four parties agree on the character of the jurisdiction held by the United States.

The establishment managers expressed nearly 100% satisfaction with the jurisdictional status had by the establishments under their supervision, whatever that status might be. In one instance only did the manager of an establishment suggest the desirability of a change in its status, from exclusive to concurrent jurisdiction.

The 14 reported installations each have from 14 to 676 more or less permanent residents. The total is 2237 of whom 175 are children of school age. In addition, of course, there are many thousands of persons on these installations as patients and similar inhabitants.

It is indicated by the returns that at 11 of the installations the permanent residents are permitted to vote in State elections on the basis of their residence on the installation involved, whatever the jurisdictional status of such installation may be. As to residents of only three installations is this privilege denied.

With respect to every installation it is indicated that children are accepted at local public schools on the same basis as State residents, and in only one case is it indicated that the school district involved receives Federal assistance (Wichita) and in one case that the children are given Federal transportation to the school (Livermore).

In all but two instances it is reported that residents of the Federal areas receive equal use of State and local governmental facilities and equal privileges with persons domiciled in the State involved. In the two instances which are exceptions it is indicated in one (Kecoughton) simply that residents have access to governmental facilities furnished by local and State governments but are not granted other privileges usually accorded only to persons domiciled in the State, and it is indicated in the other (Wichita), that while State laws make some discriminations against persons not domiciled in the State, such discriminations in practice have not been applied against residents of the Federal installation involved, although doubt is expressed as to whether a discrimination might not be applied in certain instances,

In every instance agencies of the appropriate city, county, or State, maintain vital statistics for the Veterans'Administration installations which reported to the Committee. In all but three cases the local coroner investigates deaths occurring on the premises under unknown circumstances; in only one of such cases the FBI investigates (Los Angeles), in another case the circumstances are made known to the coroner and there apparently exists complete cooperation between him and the installation authorities, although he has not conducted a personal investigation in many years (Kecoughton), and in the third case no explanation is given beyond the fact that the local coroner does not conduct investigations in connection with such deaths.

In all but two cases services of a State notary are available on the premises, frequently furnished by an employee of the Veterans'Administration.

In three instances where the United States has exclusive jurisdiction with respect to punishment for crimes (Palo Alto, San Fernando, and San Francisco), the manager indicated that there was no requirement for the services of a United States Commissioner in the administration of the premises. This may be explained by the fact that in these three instances, and in six others, services are rendered to the premises by local police, who presumably utilize the local system of judicial administration in processing offenders against the laws. Another explanation may lie in the sometimes considerable distance of installations from the nearest commissioner, who may be as far as 35 miles away (Livermore). In one of the only five cases in which local police do not render services (Roanoke) the manager suggests the advisability of a change in the status of his installation from exclusive to concurrent jurisdiction.

In nine of the fourteen reporting cases the Federal Government maintains fire-fighting equipment, but in each instance such equipment apparently is inadequate to cover all possible emergencies, since in each instance arrangements have been made on a reciprocal or other basis for assistance from local municipal or other fire-fighting equipment. In the five other cases fire-fighting protection is furnished only by equipment of the local municipality.

Agency Views. The policy of the Veterans'Administration with respect to the acquisition of legislative jurisdiction has for many years been to acquire exclusive jurisdiction where possible, except as to office buildings and some other types of buildings located in cities.

It was the consensus of the Administration that exclusive Federal legislative jurisdiction except as to some urban buildings in general best suits the requirements of the Veterans'Administration, although in some specific instances certain rights should be had by the States on a concurrent basis.

Miscellaneous Agencies

Various agencies have reported to the Interdepartmental Committee that their land holdings, if any, either were insubstantial or were administered or controlled by other Government agencies. Accordingly, reports from these agencies are summarized together.

The following agencies reported that they administered or controlled no real estate within the purview of the study:

(a) Arlington Memorial Ampitheater Commission,
(b) National Capital Planning Commission,
(c) Rubber Producing Facilities Disposal Commission,
(d) Office of Defense Mobilization,
(e) Farm Credit Administration, including Government owned corporate units thereunder.

The following agencies reported that they occupied some property, generally office space, which was controlled and administered by other agencies. These latter agencies have presumably included the amounts thereof in their reports:

(a) Department of Labor
(b) Railroad Retirement Board
(c) Federal Civil Defense Administration
(d) Department of State
(e) Federal Power Commission
(f) Civil Aeronautics Board
(g) Small Business Administration
(h) Post Office Department

The following agency reported relatively small land holdings for which it is charged with the responsibilities of control and administration:

National Advisory Committee for Aeronautics. The extent of and types of jurisdiction relative to holdings of NACA can be summarized as follows:

Jurisdiction	Number of Properties	Area
Exclusive	2	317.14 acres 1/
Concurrent	2	9069 " 2/
Partial	-	-
Proprietorial	-	-

In addition NACA occupies 16,000 sq. ft. of space on lease from the Department of Defense (Air Force), for which no jurisdictional status was specified. The agency holds 8869 acres in Virginia under concurrent jurisdiction, 39.37 acres in California under exclusive jurisdiction, and no acreage in Kansas.

The agencies listed in the immediately preceding paragraphs which occupied property were unanimous in stating that no difficulties had arisen with respect to the jurisdictional status under which they held their properties. Accordingly, no agency considered itself in a position to comment upon the desirability of one type of Federal jurisdiction rather than another.

1/ Includes 67.77 acres held by permit from Department of the Navy.

2/ Includes 200 acres held by permit from Department of the Air Force.

The Saint Lawrence Seaway Corporation, in an interim reply to the Committee, reported that the land acquisition program on behalf of the Corporation had not been completed and that the Corporation itself was not as yet operating any works upon the St. Lawrence River. The reply further stated that while the officers and staff of that agency had been discussing for some time the various problems which might arise in connection with security, search and seizure on the St. Lawrence River within the boundaries of the Seaway, police jurisdiction along the locks and canals of the Seaway, and similar problems, the Corporation had not as yet arrived at a policy determination with respect to these matters.

Tables I, II and III, which follow, summarize some of the information obtained from the agencies through Questionnaires A and B. Table I contains information as to the amount of real property held country-wide by Federal agencies and its legislative jurisdictional status. Table II contains similar information with respect to Federal real property located in the States of Virginia, Kansas and California. Table III reports the number of residents (other than persons in the military service and inmates of institutions) and the number of children living on installations of the various Federal agencies in the three States concerning which information was sought.

TABLE I.

Agency	No. of Prop-erties	Total	Exclusive	Partial	Concurrent	Proprietorial	Unknown
Treasury Dept.	659 1/	666,154 sq.ft. 9,348.6	-	-	-	666,154 sq.ft. 366.6	8,982
Dept. of the Army	4/ 574	7,028,120	1,671,551	1,030,489	151,307	3,277,367	857,406
Dept. of the Air Force	189	6,367,498	371,100	201,018	10,895	5,744,485	-
Dept. of the Navy	614	3,417,174 2/ 87,000 sq.ft.	1,085,698 87,000 sq.ft.	153,085	214,821	1,646,891	-
Dept. of Justice	48	25,534.58	16,205.44	2,016.4	-	2,962.84	4,349.9
Dept. of the Interior	1070	358,467 sq. ft. 215,703,553.38	2,973,882.63	5,241,509.14	5,664.58	358,457 sq. ft. 207,482,497.03	-
Dept. of Agriculture	532	39,433 sq. ft. 168,351,577	138,132.6	5,644,039.7	8,406.6	39,433 sq. ft. 162,560,998.1	-
Dept. of Commerce	265	474,360 sq. ft. 32,688.68	474,360 sq. ft. 48.3	616	-	31,623.64	400.74
Dept. of Health, Education, & Welfare	37	3,848,063	3,503,534	70,829	-	163.8	82.9
Atomic Energy Commission	35	1,605,817.36	11,059	682	.36	1,594,076	-
Central Intelligence Agency	2	579.3	-	-	-	579.3	-
Federal Communications Commission	12	1,715.45	87.27	-	-	1,628.18	-
General Services Administration	3904 3/	sq. ft. 142,859,628 792,791,366	sq. ft. 132,288,015 734,124,805	sq. ft. 8,857,297 49,153,065	sq. ft. 1,142,877 6,342,331	sq. ft. 571,439 3,171,265	-
Housing & Home Finance Agency	403	17,205.28	-	-	-	17,205.28	-
International Boundary & Water Commission U. S. & Mexico	7	99,284	-	-	488	98,796	-
Tennessee Valley Authority	487	158,634 sq. ft. 761,226	95,700 sq. ft. 2,855	-	-	62,934 sq. ft. 758,371	-
United States Information Agency	5	5,229.5	-	-	-	5,229.5	-
Veterans' Administration	190	43,873,995	38,256.32	679	1,787.3	3,151,375	-

TABLE I

1/ Includes only areas of known jurisdictional status.

2/ Total based on corrected figures furnished by Navy. Corrected breakdown by jurisdictional status not furnished by the Navy.

3/ Areas of these properties under each type of jurisdiction are computed from the total percent of each type of classification and from the total area.

4/ Does not include river and harbor and flood control projects.

TABLE II.

Agency	State	No. of Properties	Total	Exclusive	Partial	Concurrent	Proprietorial	Unknown
Treasury Dept.	Calif.	?	95,164 sq. ft. 1,113,954	1,104,194	-	-	2.76 95,164 sq. ft.	7.
	Kans.		-	-	-	-	-	-
	Va.	?	277.204 1.03 rod & 18 perch	189.31	18.729	.42	68.525 1.03 rod & 18 perch	.22
Dept. of the Army	Calif.	49	1,049,909	23,244	18,548	-	1,008,117	-
	Kans.	4	83,890	9,563	74,327	-	-	-
	Va.	14	158,518 /3/	34,888	-	122,614	1,909	-
Dept. of the Navy	Calif.	67	93,418 sq.ft. 2,435,154 /2/	186,309	136,405	32	2,114,028	-
	Kans.	2	20,060 sq. ft. 4,157	4,157	-	-	20,000 sq. ft. -	-
	Va.	39	118,108	41,322	-	3,633	73,150	-
Dept. of the Air Force	Calif.	16	421,829 /4/	100,792	165,425	-	155,304	-
	Kans.	5	40,531	160	40,371	-	-	-
	Va.	2	9,003	-	-	9,003	-	-
Dept. of Justice	Calif.	8	151.74	44.04	-	-	107.7	-
	Kans.	1	768.21	-	768.21	-	-	-
	Va.	2	1,540.4	1,540 .4	-	-	/5/	-
/1/ Dept. of the Interior	Calif.	?	22,966,613	944,165	1,075,552	1,120	20,908,591	37,185
	Kans.	?	48,712	-	103	-	37,612	10,997
	Va.	?	246,406	196,196	-	7,198	43,012	-
Dept. of Agriculture	Calif.	36	19,978,694.1	218	-	-	19,978,476.1	-
	Kans.	12	2,450 sq.ft. 107,655.4	-	-	-	2,450 sq.ft. 107,655.4	-
	Va.	5	1,416,423.8	4118	30,000	-	1,382,305.8	-
Dept. of Commerce	Calif.	30	4,967.3	-	-	-	4,964.8	2.5
	Kans.	-	-	-	-	-	-	-
	Va.	10	3,848.93	-	616	-	3,045.93	187
Dept. of Health, Education & Welfare	Calif.	2	40.101	34.501	-	-	5.6	-
	Kans.	2	-	-	-	-	-	-
	Va.	?	22,112	13,433	8,679	-	-	-
Atomic Energy Commission	Calif.	2	34,905	-	681	-	34,224	-
	Kans.	-	-	-	-	-	-	-
	Va.	-	-	-	-	-	-	-
Central Intelligence Agency	Calif.	1	483	-	-	-	483	-
	Kans.	-	-	-	-	-	-	-
	Va.	4	1,211	-	-	-	1,211	-

TABLE II (continued) Agency	State	No. of Properties	Total	Exclusive	Partial	Concurrent	Proprietorial	Unknown
Federal Communications Commission	Calif.	2	7,700 sq.ft. 190	-	-	-	7,700 sq.ft. 190	-
	Kans.	-	-	-	-	-	-	-
	Va.	?	1,020 sq.ft.	-	-	-	1,020 sq.ft.	-
General Services Administration	Calif.	43	5,185,138 sq.ft. 3,478.8	2,664,693 sq.ft. 41.3	86,084 sq.ft 3.6	-	885,938 sq.ft. 22.5	1,548,42309 sq.ft. 3,411.4
	Kans.	7	409,456 sq.ft. .8	409,956 sq.ft. .34	-	-	-	.46
	Va.	16	9,737,304 sq.ft. .4	9,131,604 sq.ft. .4	-	-	-	-
Housing & Home Finance Agency	Calif.	38	4,241.2	-	-	-	4,241.2	-
	Kans.	4	1,009.5	-	-	-	1,009.5	-
	Va.	13	7,708.3	-	-	-	7,708.3	-
International Boundary & Water Commission U. S. & Mexico	Calif. Kans. Va.	No land in any of the 3 States.						
Tennessee Valley Authority	Calif.	-	-	-	-	-	-	-
	Kans.	-	-	-	-	-	-	-
	Va.	4	1,211	-	-	-	1,211	-
United States Information Agency	Calif.	2	1,280	-	-	-	1,280	-
	Kans.	-	-	-	-	-	-	-
	Va.	-	-	-	-	-	-	-
Veterans' Administration	Calif.	10	2,173	982	951	-	240	-
	Kans.	3	1,117	645	472	-	-	-
	Va.	2	687	530	157	-	-	-

1/ Does not include Bureau of Indian Affairs.

2/ Total acreage given was 1620 acres less than reported in jurisdictional breakdown.

3/ This total is 893 acres less than the total of the separate types of properties, the result of arithmetical errors.

4/ This total is 308 acres more than the total of the separate types of properties, resulting from an error in computation with respect to March Air Force Base, California.

5/ One installation (Greenlee) of unknown area.

TABLE III

California, Kansas and Virginia

Agency	Residents	School Children Military	Non-military
Department of the Treasury	181	40	32
Department of the Army	20,991	7,323	1,416
Department of the Navy	37,595	13,684	2,449
Department of the Air Force	10,692 1/	6,874	279
Department of Justice	333	-	120
Department of the Interior	2,132	-	524
Department of Agriculture	6,431	-	1,328
Department of Commerce	11	-	4
Department of Health, Education, and Welfare	125	-	29
Atomic Energy Commission	120	15	18
Central Intelligence Agency	-	-	-
Federal Communications Commission	-	-	-
General Services Administration	10	-	-
Housing & Home Finance Agency	2/	26,422	16,263
International Boundary & Water Commission, U.S. & Mexico	-	-	-
Tennessee Valley Authority	-	-	-
United States Information Agency	-	-	-
Veterans' Administration	2,237	-	175

1/ Apparently excluding dependents of armed forces personnel in Kansas.

2/ Number of residents not indicated in report. However, it was indicated that there were 27,154 housing units in the three States concerned.

THE WHITE HOUSE
WASHINGTON

April 26, 1956

MEMORANDUM FOR MR. RABB

Subject: Mr. Kestnbaum's views regarding Cabinet Paper 56-49/1

Since Mr. Kestnbaum will not be able to attend Cabinet tomorrow, and since he is very much interested in this Cabinet Paper, I telephoned him in Chicago to ascertain his views.

He wondered if you or Director Brundage would express them to the Cabinet as follows:

a) Concurrence with the analysis of the Paper.

b) Preference for the establishment of a committee rather than a Congressionally authorized Commission.

Mr. Kestnbaum is skeptical of the argument that Congressional authorization or participation would necessarily lend much more weight to the Commission's findings.

A small but good committee staff could be organized to make the specific studies necessary.

c) A suggestion that the Committee's course of action should be to recommend the raising of as many of these fees and rates as seem feasible by executive action, and then to recommend the necessary legislation to raise others.

d) A caveat that the revenue from raising some of the fees and rates would not be worth i)bucking the opposition sure to materialize, or ii)establishing the complicated processing machinery necessary.

Bradley H. Patterson

Bradley H. Patterson, Jr.
Assistant to the Cabinet Secretary

CABINET PAPER—PRIVILEGED CP - 56-49/1

Property of the White House—For Authorized Persons Only April 2, 1956

The White House

Washington

THE CABINET

Charges for Certain Government Services (Revised)

For consideration by the Cabinet, attached is a revised paper on the above subject prepared by the Director of the Bureau of the Budget. This paper supersedes CP - 56-49 of March 8, 1956.

The paper is preceded by a one-page Brief and is followed by two exhibits.

The preparation and circulation of this paper are a sequel to the statement of the President on page M-11 of the 1957 Budget Message:

> "I firmly believe in the principle that Government services which give a special benefit to users should be financed by adequate charges paid by the users."

After analyzing the background of the problem, the disparities in present charges and the obstacles met in trying to correct these disparities, the paper makes two specific recommendations and proposes alternative steps for implementation.

The attached paper is circulated for advance study by the Cabinet Departments, and for their concurrence and Presidential approval at the coming Cabinet Meeting.

Maxwell M. Rabb
Secretary to the Cabinet

CABINET PAPER
For Consideration

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CP - 56-49/1

April 2, 1956

THE CABINET

Charges for Certain Government Services (Revised)

BRIEF

Problem: This administration has consistently favored the general policy of charging the users for the cost of Government services from which they receive special benefits. Efforts to apply this general policy in individual cases have met opposition and obstacles. As a result accomplishments to date have been limited. A new approach is required.

Discussion: All services performed by the Federal Government can be said to be in the public interest. At the same time, a great number of Government services give an added, special benefit to limited numbers of individuals and groups (e. g., radio and TV broadcasting licenses, patents, airway navigation aids, duplicate savings bonds, guided tours).

As a matter of equity, the general taxpayer should not be made to pay the cost of special private benefits. Over the years, these special benefits (hidden subsidies) have grown in number and expense, reflecting (1) the growing role of Government in economic life, (2) the endurance of legal provisions and administrative regulations which were established under conditions that are no longer applicable, and (3) persistent hesitations in determining and applying the proper public policy for certain Government services.

Some limited progress has been made by the administration in adjusting a number of fees (e. g., grazing permits, national park admissions, processing mineral leases, copies of State Department records), but even some of these adjustments have not gone as far as they could or should. The piecemeal efforts made to date have had little public support and have met vociferous opposition by those affected. Where action could be and was taken administratively, legislation was sometimes introduced to restore free or subsidized services. In other cases, administrative action and legislative proposals have had to be postponed because of action taken by congressional committees, such as the resolution of the Senate Committee on Interstate and Foreign Commerce with respect to Budget Bureau Circular A-25 on licensing activities.

It now seems clear that the objectives of the administration's policy can be achieved only through an overall Government approach for determining (a) those services for which there should be charges and (b) the criteria for setting fees which would be equitable and generally comparable. This review could be done either by a commission established by legislation or by a group established by the President.

Recommendation: Present administration policy in this area be reaffirmed and the proposal for an overall review be approved and supported.

Implementation: Depending on the type of review body approved, the Bureau of the Budget would draft either legislation or necessary documents for Presidential action.

Concurrences: Consistent with past policy.

Attachment: Cabinet Paper 56-49/1, plus exhibits A and B.

CABINET PAPER

For Consideration

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CP - 56-49/1

April 2, 1956

THE CABINET

Charges For Certain Government Services (Revised)

Problem: The policy of this administration has consistently favored charging the users for the cost of Government services from which they receive special benefits. This policy was designed to achieve equity by shifting all or a greater part of the cost of these special services from the general taxpayer to the individual recipients who obtain the greatest benefits. Title V of Public Law 137, 82nd Congress, expressed the sense of Congress as favorably disposed toward accomplishing this objective.

Efforts to apply the general policy to specific cases and to selected types of services were frequently and vociferously opposed by the groups of beneficiaries who would be affected. In some cases, the efforts were resisted within the executive branch itself. In other cases, Members of Congress raised questions which have resulted in repeated postponements or prevention of the effective application of the policy. As a result, the accomplishments to date have been relatively minor.

It now seems clear that the administration should either change or abandon this policy or embark upon an overall, government-wide effort to make it effective.

Discussion: Although all services performed by the Federal Government can be said to be in the public interest, a great number of them give an added, special benefit — or are of primary benefit — to limited numbers of individuals or groups. Yet hundreds of such services are rendered free or at fees which recover considerably less than the cost to the Government.

Some examples are set forth below. These and many other services which are performed without charge or at subsidized rates are discussed in an attachment to this paper.

(1) Licenses for radio and TV stations granted by the Federal Communications Commission become very valuable pieces of property. However, the Government makes no charge for them, even though the operations of the FCC cost the general taxpayer between $7 and $8 million a year.

(2) The Government provides very special and costly navigation aids for private airlines at no charge. (The airlines maintain that the Federal gas taxes they pay should be considered as a user charge to cover this cost, but even if that were done, it would cover less than half of the cost which is allocable to airline use.)

(3) Maps, navigation charts, and aerial photographs are furnished by a number of Government agencies at considerably less than their full cost.

(4) About 80 people are employed full-time to search Treasury records so that free duplicates of Government bonds can be supplied to bondholders who have lost or misplaced them. Repeat requests are also honored on a free basis.

(5) The Government provides free guided tours for sightseers. Private companies sometimes use these tours as part of larger conducted tours for which they charge a price and make a profit.

A partial and incomplete survey by the Bureau of the Budget uncovered items for which the general taxpayer might be relieved of $250 million to $400 million of costs annually by raising charges to cover (or more nearly cover) the expense of these benefits. This estimated potential would undoubtedly be much greater if complete data were available.

An additional area of special benefits not covered by the above estimates consists of valuable commercial privileges granted to individuals and business firms at nominal fees. Some of these fees may currently cover the Government's costs, but they are usually less than comparable commercial rates and much less than the value to the recipient. Examples are permits for grazing on public lands, leasing of mineral rights, and special vacation sites in public parks and forests.

The special benefits and hidden subsidies provided by Government services and privileges have developed over the years through piecemeal legislation and administrative regulation. Their substantial growth reflects, in good part, the growth of Government in economic life. Some began as modest efforts to stimulate an "infant" industry or to provide temporary aid to a particular region or segment of the population under conditions quite different from what they are today.

As these programs continued, clienteles developed for the special services. Through organized pressure groups and other means, they now oppose increases in fees for the Government benefits they have grown accustomed to receiving, even though they could well afford to pay adequate charges for most of these services.

In some cases, Federal administrators and legislators have permitted inequities to arise or endure merely by lack of action. A number of fees set in laws or administrative regulations many years ago were not changed even when costs rose many-fold. At the beginning, the fees were sometimes high enough to discourage requests for certain services. Now, they sometimes encourage frivolous or needless requests.

The Patent Office illustrates a number of facets of the problem. Prior to World War II its expenses were covered or almost covered by patent fees. Since 1940, however, it has been operating at increasing cost to the general taxpayer (93 percent of costs recovered in 1940 to about 45 percent in 1952 and 1953). No general increase in fees has been enacted since 1932, while costs to the Government have risen as the work in searching the ever increasing number of patents became more protracted and as the salaries of Government personnel were raised in response to the rise in the general level of costs in the economy. Part of the increase in workload has arisen because the present rates are so low as to encourage inventors to request patents on more numerous individual parts of an invention as well as on the invention itself.

Despite these circumstances, proposals to place the Patent Office again on a self-supporting basis have run into opposition from many sources.

During the last three years, the administration has tried to deal with the problems presented by inadequate fees and charges. On a number of occasions--most recently in the 1957 Budget Message--the President endorsed the general principle of charging the users for Government services that provide a special benefit to them.

As a result, some progress has been made. For example, fees have been raised somewhat for grazing permits on public lands, admission to national parks, processing public land transactions and mineral leases, and inspecting and grading various agricultural commodities; the State Department proposed and obtained a change in law last year which is now enabling it to recover costs for copies of documents which used to be provided at a charge set in law in 1789.

In general, however, progress has been limited and slow. Developing opposition caused a few agencies to rescind fee proposals that had already been announced. Questions of the proper public policy in certain areas have been raised in the Congress and elsewhere, with the result of postponing indefinitely any settlement of the problem.

In some cases where fee adjustments were actually made, legislation was subsequently introduced to restore free or subsidized service. For example, in accord with an earlier suggestion of the House Appropriations Committee, the Department of Defense started (in February 1955) to charge for extra copies of discharge certificates (i. e., certificates in lieu of discharge). On January 31, 1956, the House unanimously passed a bill to eliminate all such charges, without regard to how many free copies had previously been given.

Although several agencies proposed fee schedules under Bureau of the Budget Circular A-25 (issued November 5, 1953) for licenses, permits, and related activities, most actions to initiate or increase these fees have been deferred. The deferrals resulted from a March 1954 resolution of the Senate Committee on Interstate and Foreign Commerce requesting the agencies subject to its jurisdiction to postpone fee adjustments until the Committee could study the issues involved. After more than a year had passed with no study being undertaken by this Committee, it interested the Senate Committee on Government Operations in the problem. The latter Committee issued a report on February 1, 1956, recommending that the various committees of the Congress (1) ascertain the need for any adjustments in fees in the agencies for which they have oversight jurisdiction, (2) develop and consider proposed fee adjustments that can be made administratively, and (3) "initiate appropriate legislative action required to implement fully agency fee programs in the public interest."

Thus, the effect of the report of the Senate Committee on Government Operations is to return the licensing fee question to the Committee on Interstate and Foreign Commerce. In addition, its recommendation that fee adjustment questions (both administrative and legislative) be divided up according to committees, essentially represents a continuation of the present situation. Such compartmentalization has been a strong factor in limiting the progress made to date.

It now seems clear that the administration's objectives cannot be achieved by piecemeal efforts. Because so many individual services are involved and so many agencies are affected, the problem should be faced from the viewpoint of the Government as a whole. An overall, governmentwide effort would help enlist the support of groups concerned with the general objectives of overall equity, fairness to the general taxpayer, fiscal soundness, and the dividing line between private and Government responsibility. It would also eliminate the arguments of pressure groups that they have been singled out for discriminatory treatment.

After discussion with the White House staff, the Bureau of the Budget believes that such an approach can best be initiated by establishing a special commission or committee to review and make recommendations on fees for Government services.

Such a group could begin with a clean slate and could determine afresh the services for which user charges should be imposed in a consistent governmentwide manner. It would consider the extent to which the public interest served and the value of a service to a recipient should be taken into account in establishing fees. Thus, it would be responsible for making recommendations with respect to both general policies governing charges and specific standards to be used in determining fee schedules. It would concern itself with such questions as (1) assuring equity and comparability throughout the Government in fees for related services, (2) determining the proper criteria to be taken into account in calculating costs and establishing fees, particularly where Government services are used by Government agencies and by private users as well, and (3) recommending methods to review and revise fees, when necessary, so that an equitable fee system can be maintained after it has been achieved.

Because the administration's policy on postal rates has been definitely settled, and because the amounts involved in increased postal rates are large enough to warrant separate consideration, this area of charges should be excluded from the scope of the review. With this single exception, recommendations with respect to specific areas where charges should or should not be established would be made by the commission or committee, even though these recommendations could impinge on present policies in certain substantive areas (e. g., water resources).

Library the Dwight D. Eisenhower

To do its work, the commission or committee would need the help and support of every agency of the Government. It would have to rely on the Members of the Cabinet and their staffs for information on all the services each agency is rendering for which (1) a charge is now made and (2) a charge might be considered. It would probably also need expert assistance from regular agency staffs in studying each of these services.

On the basis of the group's findings, legislation would be proposed for a unified Government fee system. Omnibus legislation of this type would assure equity and comparability of fees for all Government services. It should also help generate public understanding and support for individual proposals from the viewpoint of the Nation as a whole.

In recognition of the fact that the legislation would be recommended from the viewpoint of the Government as a whole, each agency head would be expected to support the parts of this omnibus proposal which would affect his own agency. (There might be apparent conflicts between the overall objective and certain limited agency objectives.)

Each of the possible kinds of review group would have certain advantages and disadvantages. A commission of distinguished citizens established by legislation would involve some congressional expression of support for the general policy of charges for certain services and would attract wider public attention. On the other hand, it might not get under way quickly and might be more affected by political compromises.

A group established by the President could be composed of distinguished private citizens or of Cabinet Members. It could be set up more quickly and might avoid political considerations more easily. However, its recommendations might not attract as much congressional or public support.

Recommendations: (1) The administration policy of charging the users for Government services from which they obtain a special benefit be reaffirmed, and

(2) an overall review be approved, together with a decision on the type of group desired and an understanding that the group would have the cooperation and support of all Departments.

Implementation: If this program is endorsed, the Bureau of the Budget will draft the necessary documents (either legislation and accompanying recommendation or an order to establish a Presidential group and accompanying announcement). In either case, the subject should be presented in a form which would obtain the widest possible public attention and support.

Concurrences: In accord with past policy.

Attachments: Exhibit A lists a few examples, by agency, of special services for which proposals to initiate or increase fees seem to be particularly sensitive.

Exhibits B (1-9) summarize nine major functional categories of special services rendered by the Government.

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EXHIBIT A

A Few Examples of Special Government Services for Which Proposals to Change the Present Fee Practice Seem to be Particularly Sensitive

Department of Agriculture

- Meat inspection
- Electrification and telephone loans to farmers (interest rate)

Department of Commerce

- Patents and trade marks
- Use of the Federal airway system

Department of Defense

- Use of Federal navigation facilities (Corps of Engineers)
- Contributions for local flood protection projects (Corps of Engineers)
- Maps, charts, and aerial photographs
- Guided tours of observatories, ships, and other installations

Department of Health, Education, and Welfare

- Testing and licensing biological products

Department of the Interior

- Grazing fees
- Maps and charts

Department of Justice

- Guided tours of the FBI

Department of Labor

- Apprenticeship certificates
- Mexican farm labor supply program
- Permits to hire learners for less than minimum wage

Department of State

- Licenses to export munitions

Treasury Department

- Duplicates of savings bonds
- Coast Guard permits and certificates for vessels
- Guided tours through Bureau of Engraving and Printing

Atomic Energy Commission

- Licenses for private production, sale, and use of atomic products and patents

Federal Communications Commission

- TV and radio station licenses

Federal Power Commission

- Licenses for transmission of electric power and natural gas in interstate commerce

Interstate Commerce Commission

- Permits for interstate rail, motor, and water carriers

Securities and Exchange Commission

- Registration of securities

Veterans Administration

- Guaranties of housing loans

CABINET PAPER

For Consideration

Exhibit B
(1 - 9)

SELECTED TYPES OF GOVERNMENT SERVICES

(Grouped by function)

Exhibits B-1 through B-9 discuss in summary fashion nine major functional categories of special services rendered by the Government which benefit limited numbers of individuals and groups.

These exhibits are meant to be illustrative. They do not purport to represent a complete listing.

No exhibit has been prepared on postal charges since the general administration policy on these charges has been separately and definitely established.

EXHIBIT B-1 - LICENSING

Coverage

All Government issuances of permits, certificates, licenses, registrations, etc. These directly or indirectly allow the recipient to:

Maintain a monopoly (or protected market position) - patents, certificates of necessity, franchises, radio and TV station licenses, and operating permits (Commerce and independent regulatory agencies).

Engage or continue in a business - shipping, drug manufacture, exporting, sale of firearms, brokerage (Agriculture, Commerce, HEW, Treasury, and independent regulatory agencies).

Carry out a transaction - foreign fund transactions (Treasury), employ learners at less than minimum wage (Labor), issue securities (SEC and FPC), merger of firms (ICC, CAB, and FPC), construct in or on a river (Defense).

Engage in an occupation or practice - radio operator (FCC, aircraft pilot (Commerce), merchant marine (Treasury), journeyman (Labor), practice before a Government agency (Commerce, Treasury, and independent regulatory agencies).

Enjoy a personal privilege - foreign travel (State), camp on special sites (Agriculture), hunt on certain public lands (Interior), operate a motorboat or yacht (Treasury).

Licensing may be dependent upon passing inspections or tests. The license fees could be established to cover all of the costs of a regulatory agency or bureau, or only the costs of the licensing operations. A fee might also be considered for the filing of applications, either because it might lead to a privilege or it might discourage frivolous requests.

Potential receipts

At least $30 million.

EXHIBIT B-2 - INSPECTION

Coverage

Government examination for regulatory purposes, other than licensing, such as:

Safety - coal mines (Interior), locomotives and rail cars (ICC), and ships (Treasury).

Immigration control - (Justice).

Health - quarantine at borders, food and drug, meat and other agricultural commodities (Agriculture and HEW).

Plant disease - (Agriculture).

Potential receipts

Total expenditures for the programs listed above are almost $70 million. This amount excludes the Bureau of Customs which inspects to protect revenues and prevent imports of contraband.

At the present time, charges are seldom made for inspection except for bank examining (which is self-supporting), and for after-hours inspection and other special services at border points and at meat packing plants. Costs in the fiscal year 1954 for after-hours inspections and services at border points were $9 million, of which $7 million were covered by charges.

EXHIBIT B-3 - USE OF TRANSPORTATION FACILITIES

Coverage

The Federal airway system and federally aided airports, rivers and harbors with federally constructed and operated navigation aids, dredging, etc.

Potential receipts

Airways - Several years ago the annual cost of operating the Federal airways which can be allocated to civilian uses was estimated at $50 million. Under the expanded airway system proposed in the 1957 budget, this figure would undoubtedly be higher. The airline industry argues that the excise taxes it pays on aviation gasoline (about $20 million annually) constitute the industry's fee for use of the airways.

In addition to the airway system, the Federal Government provides grants for airports, most of which are for civilian use. The Government also bears the cost of construction and operation of the Washington National Airport and Alaskan airports; charges are already made for the use of these airports, although some additional revenue is needed to cover costs.

Rivers and harbors - Expenditures by the Corps of Engineers for river and harbor navigation aids and facilities (excluding flood control and multi-purpose projects) are estimated at $139 million for 1956.

In addition, the Coast Guard maintains navigation facilities in harbor approaches. Expenditures for this purpose are not classified separately from law enforcement and rescue operations at shore stations.

No charges are now made for these water navigation facilities.

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EXHIBIT B-4 - USE OF MONEY AND CREDIT

Coverage

Direct lending, loan guaranty, and insurance programs of the Federal Government.

Potential receipts

Interest is customarily charged on Government loans, but present rates do not cover costs. The Hoover Commission recommended that rates should at least cover costs.

Costs have three elements: (1) Cost of borrowing by the Government (which could be based on the yields of marketable Treasury obligations with maturities comparable to the term of the loan); (2) administrative expenses of the lending program; and (3) a reserve for probable losses.

Two additional principles for determining interest rates might also be considered: (1) Rates should be high enough to discourage the substitution of Government credit for private credit available on reasonable terms; (2) rates should be susceptible to periodic modification to insure consistency with general fiscal and monetary policies.

New legislation could raise interest rates only for new loans. Raising the charges to cover costs would bring in about $15-20 million the first year and increasing amounts in future years, provided that the demand for loans did not shrink. As a matter of fact, the demand would practically disappear, particularly for Farmers' Home Administration loans, unless loans were accompanied by a subsidy in another form.

PRESENT INTEREST RATES AND ESTIMATED COSTS
FOR SELECTED FEDERAL LENDING PROGRAM

		ESTIMATED COSTS			
Program	Present rate	Total	Treasury cost of borrowing	Losses	Administration
Farmers' Home Administration:					
Production and subsistence loans....................	5%	13½-15¼%	2¼%	5%	6-8%
Farm ownership loans......	4½	7-9	3	negligible	4-6
Water facilities loans....	4½	3 3/4-8 3/4	2 3/4	small to date, potentially 2-3%	1-3
Disaster loans............	3-5	8¼	2¼	probably 5	1
Rural Electrification Administration............	2	4½-5	3	negligible	1½-2
Housing and Home Finance Agency:					
College housing...........	2 3/4	3 3/4-4	3	----------3/4-1---	

The major guaranty program without a charge is that of the Veterans Administration. A fee of ½ percent annually on future loan guaranties would yield $10-15 million the first year and more thereafter.

EXHIBIT B-5 - USE OF LAND

Coverage

Among the many instances of furnishing benefits to private individuals through permitting the use of Government land, are the following:

- Grazing
- Camp and residential sites
- Removing construction materials
- Prospecting and mining
- Oil and gas leases
- Easements and rights-of-way
- Concessions

The agencies primarily involved are the Departments of Agriculture, Defense, and Interior, and the Tennessee Valley Authority. Some similar uses are presently charged for through issuance of licenses and are covered in Exhibit B-1. In other cases, charges are now negotiated, and these are not covered here. This exhibit deals with the services which are now free, or for which the fee, rent, or royalty depends on an established schedule.

Potential receipts

The potential receipts can be presumed to be significant in amount, since millions of acres and thousands of users are involved. However, estimating an obtainable increase in receipts would require extensive study. Many of these charges have become established over a long period and vary from one region to another for the same bureau and activity.

Some uses are free despite significant private benefits conferred. For example, there is no royalty on most minerals which are removed from public lands. Legislation puts a ceiling on fees for noncompetitive oil and gas leases issued by the Bureau of Land Management.

Charges for the use of land could take into account the value to the user as well as the cost to the Government. In many instances, the out-of-pocket cost to the Government is nominal since the lands would otherwise simply lie idle. (However, the public has a long-run cost if resources are depleted.) In other cases, such as grazing, costs of supervision and range improvement may be significant.

EXHIBIT B-6 - RECREATION AND TOURIST FACILITIES

Coverage

1. Guided tours to observe Government operations---such as the Bureau of Engraving and Printing, the FBI, the Naval Observatory, Reclamation and Corps of Engineers projects, airfields, ships, and laboratories such as model basins or wind tunnels.

2. Admission fees to monuments (including White House), parks, forests, etc.

3. Activity fees for boating, swimming, and other privileges in forests, parks, lakes, reservoirs, etc., not covered by licenses for hunting, fishing, or camping.

Excludes charges to concessionaires which are included in Exhibit B-5, use of land.

Potential receipts

Bureau of Engraving and Printing had 525,000 visitors in the fiscal year 1954. Direct cost of guides, excluding overhead, was $55,000. The FBI had 240,000 visitors in the calendar year 1954. The Park Service estimates 52 million visitors in the calendar year 1956 and $5.1 million of receipts in fiscal year 1956. Its expenses for management are estimated at $8.7 million. (Other Park Service expenditures for construction, etc., are estimated at $32 million.) The Forest Service estimated 45 million visitors for calendar year 1956, but does not charge.

EXHIBIT B-7 - PUBLICATIONS

Coverage

Books, periodicals, pamphlets, and other reproduced materials issued by the Government Printing Office and other Federal agencies.

Potential receipts

Estimates of cost and, hence, of potential revenue are unavailable because (a) much of the printing expenses of Federal agencies is for internal operating use rather than public distribution, and (b) the costs of preparing the studies underlying the publications are not usually separately identifiable in the expenditure totals of the agency performing the study.

An indication of potential yield can be obtained from an analysis of present pricing practices. Between 75 and 80 million copies of publications are now distributed free each year by GPO for other Government agencies. Another 50 million are sold. In the latter case, however, the Federal agency preparing the publication pays for the cost of setting up plates. The price charged the private purchaser by GPO covers only the incremental cost of ink and paper plus an allowance for GPO overhead.

Increased revenues (or decreased expenditures) could be achieved by charging for the full cost of printing (or prorating the full cost over Government and private users) and by attempting to recover a part of the cost of preparation.

EXHIBIT B-8 - MAPS, CHARTS, AND AERIAL PHOTOGRAPHS

Coverage

Maps, navigation charts, and aerial photographs. Major producers are the Departments of Agriculture, Commerce, Defense, Interior, and TVA. Examples are topographic maps, geologic maps, soil maps, vegetation maps, recreation maps, nautical charts, aeronautical charts, and aerial photographs (other photographs are covered in Exhibit B-9, "Other Services").

Potential receipts

Prices are limited (usually by specific legal provision or legislative intent) to the added costs of reproduction for private use (i.e., ink and paper). Receipts are about $1 million a year. By charging for part of the cost of surveying, photographing, and compiling maps (over $100 million a year), receipts could be increased. Raising charges to recover too great a proportion of the full costs, however, would reduce volume of sales but not reduce annual cost of preparation, which is usually determined on the basis of Government needs rather than private demand.

EXHIBIT B-9 - OTHER SERVICES

Several classes of Government services not covered in the previous exhibits, but for which charges are made or might be made, are briefly discussed below.

Testing - Many testing activities are now self-supporting. Many others would be self-supporting if charges were established or raised for the licensing or inspection services of which they are a part. Still another category of testing is for the purpose of determining eligibility of products for Federal procurement, a service of value to potential suppliers but also necessary for the Government's protection. GSA collects about $650,000 for this activity each year. The Department of Defense (which procures more items than GSA) does not charge.

Grading and classifying agricultural commodities - Fees or reimbursements cover about 80 percent of costs. About $2 million of annual service is done at Government expense, mostly because charging for some cotton and all tobacco grading is forbidden by law. The cost of central overhead is also not recovered.

Special research studies and tabulations - Fees are generally charged. There is some question as to whether fees cover an appropriate share of overhead costs in all cases.

Copying, certifying, and searching records. There are a number of instances where copying and related services are performed free or at below cost. An example is the provision by the Treasury Department of free duplicates of lost savings bonds, including relatively costly searches. In 1953, 80 people were employed in searching to be sure bonds had not been cashed before duplicates were issued.

The State Department is required by law to furnish documentary services to seamen without charge; the annual cost is $350,000. Present fees for notarial and similar services to tourists yield about $387,000 less than costs each year.

Furnishing Fish to private ponds - The Fish and Wildlife Service will stock private ponds without charge. The cost of this activity is estimated at $3 million a year.

Administration of certain labor services - The Department of Labor has proposed legislation to cover costs of administering the Longshoremen's Act (workmen's compensation). Costs are about $550,000. The Department charges for certain costs of administering the Mexican Farm Labor Act but does not believe it should recover all costs because its normal employment service work is free.

Miscellaneous services - Other services which are provided free or at below cost include: (1) irrigation projects; (2) installation of flood prevention structures; (3) provision of isotopes and other atomic products; (4) bullion transactions; (5) yellow fever vaccinations; (6) calibration of magnets; and (7) safekeeping of privately-owned Government bonds by the Treasury.

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COPY NUMBER: 1

CP - 56-49/2

May 17, 1956

The White House
Washington

THE CABINET

Charges for Certain Government Services

The attached approved paper is circulated for action by the designated Member Departments of the newly formed Interdepartmental Committee on User Charges (Treasury, Interior, Agriculture, Commerce, and the Bureau of the Budget) and by other Cabinet Members and Agency Heads insofar as they will be called upon to assist this Committee.

This paper, as revised, was approved at the Cabinet meeting of April 27, 1956 (RA - 56-51, Item 4), and is distributed to facilitate the necessary departmental study and preparation of plans for consideration at a later date.

The attention of each recipient of the attached paper is called to the Cabinet's request that until further notice this paper and the existence and work of the new Committee are to be treated in strict confidence.

Maxwell M. Rabb
Secretary to the Cabinet

CABINET PAPER

For Action

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May 17, 1956

THE CABINET

Charges for Certain Government Services (Revised)

BRIEF

Problem: This administration has consistently favored the principle of charging the users for the cost of Government services from which they receive special benefits. The Congress also has generally favored this policy and so expressed itself in Title V of Public Law 137, 82nd Congress (5 USC 140). However, efforts to apply the general policy in individual cases have met opposition and obstacles. As a result accomplishments to date have been limited. A new approach is required.

Discussion: All services performed by the Federal Government can be said to be in the public interest. At the same time, a great number of Government services give an added, special benefit to limited numbers of individuals and groups (e. g., radio and TV broadcasting licenses, patents, airway navigation aids, duplicate savings bonds, guided tours).

As a matter of equity, the general taxpayer should not be made to pay the cost of special private benefits. Over the years, these special benefits (hidden subsidies) have grown in number and expense, reflecting (1) the growing role of Government in economic life, (2) the endurance of legal provisions and administrative regulations which were established under conditions that are no longer applicable, and (3) persistent hesitations in determining and applying the proper public policy for certain Government services.

Some limited progress has been made by the administration in adjusting a number of fees (e. g., grazing permits, national park admissions, processing mineral leases, copies of State Department records), but even some of these adjustments have not gone as far as they could or should. The piecemeal efforts made to date have had little public support and have met vociferous opposition by those affected. Where action could be and was taken administratively, legislation was sometimes introduced to restore free or subsidized services. In other cases, administrative action and legislative proposals have had to be postponed because of action taken by congressional committees, such as the resolution of the Senate Committee on Interstate and Foreign Commerce with respect to Budget Bureau Circular A-25 on licensing activities.

It now seems clear that the objectives of the administration's policy can be achieved only through an overall Government approach for determining (a) those services for which there should be charges and (b) the criteria for setting fees which would be equitable and generally comparable. This review should be done by an appropriate interdepartmental committee which would report to the President.

Recommendation: Present administration policy in this area be reaffirmed and the proposal for an overall review be approved and supported.

Implementation: The Bureau of the Budget will take the lead in forming an interagency group which would work in strict confidence until further notice. Departments and agencies called upon by this group would be expected to contribute staff or other assistance as required. Recommendations, including legislative proposals for the next session of Congress, would be made to the President through the Director of the Bureau of the Budget.

Concurrences: The Cabinet.

Attachment: Cabinet Paper 56-49/2, plus exhibits A and B.

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COPY NUMBER: 1

CP - 56-49/2

May 17, 1956

THE CABINET

Charges For Certain Government Services (Revised)

Problem: The policy of this administration has consistently favored charging the users for the cost of Government services from which they receive special benefits. This policy was designed to achieve equity by shifting all or a greater part of the cost of these special services from the general taxpayer to the individual recipients who obtain the greatest benefits. Title V of Public Law 137, 82nd Congress, expressed the sense of Congress as favorably disposed toward accomplishing this objective.

Efforts to apply the general policy to specific cases and to selected types of services were frequently and vociferously opposed by the groups of beneficiaries who would be affected. In some cases, the efforts were resisted within the executive branch itself. In other cases, Members of Congress raised questions which have resulted in repeated postponements or prevention of the effective application of the policy. As a result, the accomplishments to date have been relatively minor.

It now seems clear that to make this policy effective the administration has to embark on an overall, governmentwide effort.

Discussion: Although all services performed by the Federal Government can be said to be in the public interest, a great number of them give an added, special benefit -- or are of primary benefit -- to limited numbers of individuals or groups. Yet hundreds of such services are rendered free or at fees which recover considerably less than the cost to the Government.

Some examples are set forth below. These and many other services which are performed without charge or at subsidized rates are discussed in an attachment to this paper.

(1) Licenses for radio and TV stations granted by the Federal Communications Commission become very valuable pieces of property. However, the Government makes no charge for them, even though the operations of the FCC cost the general taxpayer between $7 and $8 million a year.

(2) The Government provides very special and costly navigation aids for private airlines at no charge. (The airlines maintain that the Federal gas taxes they pay should be considered as a user charge to cover this cost, but even if that were done, it would cover less than half of the cost which is allocable to airline use.)

(3) Maps, navigation charts, and aerial photographs are furnished by a number of Government agencies at considerably less than their full cost.

(4) About 80 people are employed full-time to search Treasury records so that free duplicates of Government bonds can be supplied to bondholders who have lost or misplaced them. Repeat requests are also honored on a free basis.

(5) The Government provides free guided tours for sightseers. Private companies sometimes use these tours as part of larger conducted tours for which they charge a price and make a profit.

CABINET PAPER

For Action

A partial and incomplete survey by the Bureau of the Budget uncovered items for which the general taxpayer might be relieved of $250 million to $400 million of costs annually by raising charges to cover (or more nearly cover) the expense of these benefits. This estimated potential would undoubtedly be much greater if complete data were available.

An additional area of special benefits not covered by the above estimates consists of valuable commercial privileges granted to individuals and business firms at nominal fees. Some of these fees may currently cover the Government's costs, but they are usually less than comparable commercial rates and much less than the value to the recipient. Examples are permits for grazing on public lands, leasing of mineral rights, and special vacation sites in public parks and forests.

The special benefits and hidden subsidies provided by Government services and privileges have developed over the years through piecemeal legislation and administrative regulation. Their substantial growth reflects, in good part, the growth of Government in economic life. Some began as modest efforts to stimulate an "infant" industry or to provide temporary aid to a particular region or segment of the population under conditions quite different from what they are today.

As these programs continued, clienteles developed for the special services. Through organized pressure groups and other means, they now oppose increases in fees for the Government benefits they have grown accustomed to receiving, even though they could well afford to pay adequate charges for most of these services.

In some cases, Federal administrators and legislators have permitted inequities to arise or endure merely by lack of action. A number of fees set in laws or administrative regulations many years ago were not changed even when costs rose many-fold. At the beginning, the fees were sometimes high enough to discourage requests for certain services. Now, they sometimes encourage frivolous or needless requests.

The Patent Office illustrates a number of facets of the problem. Prior to World War II its expenses were covered or almost covered by patent fees. Since 1940, however, it has been operating at increasing cost to the general taxpayer (93 percent of costs recovered in 1940 to about 45 percent in 1952 and 1953). No general increase in fees has been enacted since 1932, while costs to the Government have risen as the work in searching the ever increasing number of patents became more protracted and as the salaries of Government personnel were raised in response to the rise in the general level of costs in the economy. Part of the increase in workload has arisen because the present rates are so low as to encourage inventors to request patents on more numerous individual parts of an invention as well as on the invention itself.

Despite these circumstances, proposals to place the Patent Office again on a self-supporting basis have run into opposition from many sources.

During the last three years, the administration has tried to deal with the problems presented by inadequate fees and charges. On a number of occasions--most recently in the 1957 Budget Message--the President endorsed the general principle of charging the users for Government services that provide a special benefit to them.

As a result, some progress has been made. For example, fees have been raised somewhat for grazing permits on public lands, admission to national parks, processing public land transactions and mineral leases, and inspecting and grading various agricultural commodities; the State Department proposed and obtained a change in law last year which is now enabling it to recover costs for copies of documents which used to be provided at a charge set in law in 1789.

In general, however, progress has been limited and slow. Developing opposition caused a few agencies to rescind fee proposals that had already been announced. Questions of the proper public policy in certain areas have been raised in the Congress and elsewhere, with the result of postponing indefinitely any settlement of the problem.

In some cases where fee adjustments were actually made, legislation was subsequently introduced to restore free or subsidized service. For example, in accord with an earlier suggestion of the House Appropriations Committee, the Department of Defense started (in February 1955) to charge for extra copies of discharge certificates (i. e., certificates in lieu of discharge). On January 31, 1956, the House unanimously passed a bill to eliminate all such charges, without regard to how many free copies had previously been given.

The Dwight D. Library

Although several agencies proposed fee schedules under Bureau of the Budget Circular A-25 (issued November 5, 1953) for licenses, permits, and related activities, most actions to initiate or increase these fees have been deferred. The deferrals resulted from a March 1954 resolution of the Senate Committee on Interstate and Foreign Commerce requesting the agencies subject to its jurisdiction to postpone fee adjustments until the Committee could study the issues involved. After more than a year had passed with no study being undertaken by this Committee, it interested the Senate Committee on Government Operations in the problem. The latter Committee issued a report on February 1, 1956, recommending that the various committees of the Congress (1) ascertain the need for any adjustments in fees in the agencies for which they have oversight jurisdiction, (2) develop and consider proposed fee adjustments that can be made administratively, and (3) "initiate appropriate legislative action required to implement fully agency fee programs in the public interest."

Thus, the effect of the report of the Senate Committee on Government Operations is to return the licensing fee question to the Committee on Interstate and Foreign Commerce. In addition, its recommendation that fee adjustment questions (both administrative and legislative) be divided up according to committees, essentially represents a continuation of the present situation. Such compartmentalization has been a strong factor in limiting the progress made to date.

It now seems clear that the administration's objectives cannot be achieved by piecemeal efforts. Because so many individual services are involved and so many agencies are affected, the problem should be faced from the viewpoint of the Government as a whole.

Such a governmentwide review could be initiated through the establishment of an interdepartmental committee which would study the problems involved and make recommendations to the President. Until further notice, the establishment and the work of this committee should be held in confidence, with no public announcement. A confidential method of operation would seem necessary if the committee is to operate effectively.

The interdepartmental committee would determine the types of services for which user charges should be imposed. It would consider the extent to which the public interest served and the value of a service to a recipient should be taken into account in establishing fees. Thus, it would be responsible for making recommendations with respect to both general policies governing charges and specific standards to be used in determining fee schedules. It would concern itself with such questions as (1) assuring equity and comparability throughout the Government in fees for related services, (2) determining the proper criteria to be taken into account in calculating costs and establishing fees, particularly where Government services are used by Government agencies and by private users as well. It would propose methods, including legislation, to make its recommendations effective and to assure the maintenance of an equitable fee system after it has been once achieved.

Because the administration's policy on postal rates has been definitely settled, and because the amounts involved in increased postal rates are large enough to warrant separate consideration, this area of charges should be excluded from the scope of the review. With this single exception, recommendations with respect to specific areas where charges should or should not be established would be made by the committee, even though these recommendations could impinge on present policies in certain substantive areas (e. g., water resources).

To do its work, the committee would need the help and support of every agency of the Government. It would have to rely on the Members of the Cabinet and their staffs for information on all the services each agency is rendering for which (1) a charge is now made and (2) a charge might be considered. It would probably also need expert assistance from regular agency staffs in studying each of these services.

In its deliberations, the committee should consider the desirability of proposing legislation to obtain a unified Government fee system. Such omnibus legislation might be necessary to assure equity and comparability of fees for all Government services. It would also have the advantage of enlisting the support of groups concerned with the general objectives of overall equity, fairness to the general taxpayer, fiscal soundness, and the dividing line between private and Government responsibility. It would be helpful in eliminating the arguments of individual pressure groups that they have been singled out for discriminatory treatment. Each agency head would be expected to support the parts of such an omnibus proposal which would affect his own agency even though there might be apparent conflicts between the overall objective and certain limited agency objectives.

Recommendations: (1) The administration policy of charging the users for Government services from which they obtain a special benefit be reaffirmed, and

(2) an appropriate interdepartmental committee be established to conduct an overall review, with the understanding that this group will have the cooperation and support of all Departments, and that its establishment and work will be held in strictest confidence until further notice.

Implementation: The Bureau of the Budget will take the lead in forming an interdepartmental group. The Departments represented on this committee and every Government agency that it calls upon will be expected to contribute necessary information, assistance, and other aid as required. The committee would report its recommendations, including legislative proposals for the next session of Congress, to the President through the Director of the Bureau of the Budget.

Concurrences: The Cabinet.

Attachments: Exhibit A lists a few examples, by agency, of special services for which proposals to initiate or increase fees seem to be particularly sensitive.

Exhibits B (1-9) summarize nine major functional categories of special services rendered by the Government.

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EXHIBIT A

A Few Examples of Special Government Services for Which Proposals to Change the Present Fee Practice Seem to be Particularly Sensitive

Department of Agriculture

Meat inspection
Electrification and telephone loans to farmers (interest rate)

Department of Commerce

Patents and trade marks
Use of the Federal airway system

Department of Defense

Use of Federal navigation facilities (Corps of Engineers)
Contributions for local flood protection projects (Corps of Engineers)
Maps, charts, and aerial photographs
Guided tours of observatories, ships, and other installations

Department of Health, Education, and Welfare

Testing and licensing biological products

Department of the Interior

Grazing fees
Maps and charts

Department of Justice

Guided tours of the FBI

Department of Labor

Apprenticeship certificates
Mexican farm labor supply program
Permits to hire learners for less than minimum wage

Department of State

Licenses to export munitions

Treasury Department

Duplicates of savings bonds
Coast Guard permits and certificates for vessels
Guided tours through Bureau of Engraving and Printing

Atomic Energy Commission

Licenses for private production, sale, and use of atomic products and patents

Federal Communications Commission

TV and radio station licenses

Federal Power Commission

Licenses for transmission of electric power and natural gas in interstate commerce

Interstate Commerce Commission

Permits for interstate rail, motor, and water carriers

Securities and Exchange Commission

Registration of securities

Veterans Administration

Guaranties of housing loans

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Exhibit B
(1 - 9)

SELECTED TYPES OF GOVERNMENT SERVICES

(Grouped by function)

Exhibits B-1 through B-9 discuss in summary fashion nine major functional categories of special services rendered by the Government which benefit limited numbers of individuals and groups.

These exhibits are meant to be illustrative. They do not purport to represent a complete listing.

No exhibit has been prepared on postal charges since the general administration policy on these charges has been separately and definitely established.

EXHIBIT B-1 - LICENSING

Coverage

All Government issuances of permits, certificates, licenses, registrations, etc. These directly or indirectly allow the recipient to:

> Maintain a monopoly (or protected market position) - patents, certificates of necessity, franchises, radio and TV station licenses, and operating permits (Commerce and independent regulatory agencies).
>
> Engage or continue in a business - shipping, drug manufacture, exporting, sale of firearms, brokerage (Agriculture, Commerce, HEW, Treasury, and independent regulatory agencies).
>
> Carry out a transaction - foreign fund transactions (Treasury), employ learners at less than minimum wage (Labor), issue securities (SEC and FPC), merger of firms (ICC, CAB, and FPC), construct in or on a river (Defense).
>
> Engage in an occupation or practice - radio operator (FCC, aircraft pilot (Commerce), merchant marine (Treasury), journeyman (Labor), practice before a Government agency (Commerce, Treasury, and independent regulatory agencies).
>
> Enjoy a personal privilege - foreign travel (State), camp on special sites (Agriculture), hunt on certain public lands (Interior), operate a motorboat or yacht (Treasury).

Licensing may be dependent upon passing inspections or tests. The license fees could be established to cover all of the costs of a regulatory agency or bureau, or only the costs of the licensing operations. A fee might also be considered for the filing of applications, either because it might lead to a privilege or it might discourage frivolous requests.

Potential receipts

At least $30 million.

EXHIBIT B-2 - INSPECTION

Coverage

Government examination for regulatory purposes, other than licensing, such as:

Safety - coal mines (Interior), locomotives and rail cars (ICC), and ships (Treasury).

Immigration control - (Justice).

Health - quarantine at borders, food and drug, meat and other agricultural commodities (Agriculture and HEW).

Plant disease - (Agriculture).

Potential receipts

Total expenditures for the programs listed above are almost $70 million. This amount excludes the Bureau of Customs which inspects to protect revenues and prevent imports of contraband.

At the present time, charges are seldom made for inspection except for bank examining (which is self-supporting), and for after-hours inspection and other special services at border points and at meat packing plants. Costs in the fiscal year 1954 for after-hours inspections and services at border points were $9 million, of which $7 million were covered by charges.

EXHIBIT B-3 - USE OF TRANSPORTATION FACILITIES

Coverage

The Federal airway system and federally aided airports, rivers and harbors with federally constructed and operated navigation aids, dredging, etc.

Potential receipts

Airways - Several years ago the annual cost of operating the Federal airways which can be allocated to civilian uses was estimated at $50 million. Under the expanded airway system proposed in the 1957 budget, this figure would undoubtedly be higher. The airline industry argues that the excise taxes it pays on aviation gasoline (about $20 million annually) constitute the industry's fee for use of the airways.

In addition to the airway system, the Federal Government provides grants for airports, most of which are for civilian use. The Government also bears the cost of construction and operation of the Washington National Airport and Alaskan airports; charges are already made for the use of these airports, although some additional revenue is needed to cover costs.

Rivers and harbors - Expenditures by the Corps of Engineers for river and harbor navigation aids and facilities (excluding flood control and multi-purpose projects) are estimated at $139 million for 1956.

In addition, the Coast Guard maintains navigation facilities in harbor approaches. Expenditures for this purpose are not classified separately from law enforcement and rescue operations at shore stations.

No charges are now made for these water navigation facilities.

EXHIBIT B-4 - USE OF MONEY AND CREDIT

Coverage

Direct lending, loan guaranty, and insurance programs of the Federal Government.

Potential receipts

Interest is customarily charged on Government loans, but present rates do not cover costs. The Hoover Commission recommended that rates should at least cover costs.

Costs have three elements: (1) Cost of borrowing by the Government (which could be based on the yields of marketable Treasury obligations with maturities comparable to the term of the loan); (2) administrative expenses of the lending program; and (3) a reserve for probable losses.

Two additional principles for determining interest rates might also be considered: (1) Rates should be high enough to discourage the substitution of Government credit for private credit available on reasonable terms; (2) rates should be susceptible to periodic modification to insure consistency with general fiscal and monetary policies.

New legislation could raise interest rates only for new loans. Raising the charges to cover costs would bring in about $15-20 million the first year and increasing amounts in future years, provided that the demand for loans did not shrink. As a matter of fact, the demand would practically disappear, particularly for Farmers' Home Administration loans, unless loans were accompanied by a subsidy in another form.

PRESENT INTEREST RATES AND ESTIMATED COSTS
FOR SELECTED FEDERAL LENDING PROGRAM

Program	Present rate	ESTIMATED COSTS Total	Treasury cost of borrowing	Losses	Administration
Farmers' Home Administration:					
Production and subsistence loans	5%	13½-15¼%	2¼%	5%	6-8%
Farm ownership loans	4½	7-9	3	negligible	4-6
Water facilities loans	4½	3 3/4-8 3/4	2 3/4	small to date, potentially 2-3%	1-3
Disaster loans	3-5	8¼	2¼	probably 5	1
Rural Electrification Administration	2	4½-5	3	negligible	1½-2
Housing and Home Finance Agency:					
College housing	2 3/4	3 3/4-4	3	----------3/4-1---	

The major guaranty program without a charge is that of the Veterans Administration. A fee of ½ percent annually on future loan guaranties would yield $10-15 million the first year and more thereafter.

EXHIBIT B-5 - USE OF LAND

Coverage

Among the many instances of furnishing benefits to private individuals through permitting the use of Government land, are the following:

Grazing
Camp and residential sites
Removing construction materials
Prospecting and mining
Oil and gas leases
Easements and rights-of-way
Concessions

The agencies primarily involved are the Departments of Agriculture, Defense, and Interior, and the Tennessee Valley Authority. Some similar uses are presently charged for through issuance of licenses and are covered in Exhibit B-1. In other cases, charges are now negotiated, and these are not covered here. This exhibit deals with the services which are now free, or for which the fee, rent, or royalty depends on an established schedule.

Potential receipts

The potential receipts can be presumed to be significant in amount, since millions of acres and thousands of users are involved. However, estimating an obtainable increase in receipts would require extensive study. Many of these charges have become established over a long period and vary from one region to another for the same bureau and activity.

Some uses are free despite significant private benefits conferred. For example, there is no royalty on most minerals which are removed from public lands. Legislation puts a ceiling on fees for noncompetitive oil and gas leases issued by the Bureau of Land Management.

Charges for the use of land could take into account the value to the user as well as the cost to the Government. In many instances, the out-of-pocket cost to the Government is nominal since the lands would otherwise simply lie idle. (However, the public has a long-run cost if resources are depleted.) In other cases, such as grazing, costs of supervision and range improvement may be significant.

EXHIBIT B-6 - RECREATION AND TOURIST FACILITIES

Coverage

1. Guided tours to observe Government operations---such as the Bureau of Engraving and Printing, the FBI, the Naval Observatory, Reclamation and Corps of Engineers projects, airfields, ships, and laboratories such as model basins or wind tunnels.

2. Admission fees to monuments (including White House), parks, forests, etc.

3. Activity fees for boating, swimming, and other privileges in forests, parks, lakes, reservoirs, etc., not covered by licenses for hunting, fishing, or camping.

Excludes charges to concessionaires which are included in Exhibit B-5, use of land.

Potential receipts

Bureau of Engraving and Printing had 525,000 visitors in the fiscal year 1954. Direct cost of guides, excluding overhead, was $55,000. The FBI had 240,000 visitors in the calendar year 1954. The Park Service estimates 52 million visitors in the calendar year 1956 and $5.1 million of receipts in fiscal year 1956. Its expenses for management are estimated at $8.7 million. (Other Park Service expenditures for construction, etc., are estimated at $32 million.) The Forest Service estimated 45 million visitors for calendar year 1956, but does not charge.

EXHIBIT B-7 - PUBLICATIONS

Coverage

Books, periodicals, pamphlets, and other reproduced materials issued by the Government Printing Office and other Federal agencies.

Potential receipts

Estimates of cost and, hence, of potential revenue are unavailable because (a) much of the printing expenses of Federal agencies is for internal operating use rather than public distribution, and (b) the costs of preparing the studies underlying the publications are not usually separately identifiable in the expenditure totals of the agency performing the study.

An indication of potential yield can be obtained from an analysis of present pricing practices. Between 75 and 80 million copies of publications are now distributed free each year by GPO for other Government agencies. Another 50 million are sold. In the latter case, however, the Federal agency preparing the publication pays for the cost of setting up plates. The price charged the private purchaser by GPO covers only the incremental cost of ink and paper plus an allowance for GPO overhead.

Increased revenues (or decreased expenditures) could be achieved by charging for the full cost of printing (or prorating the full cost over Government and private users) and by attempting to recover a part of the cost of preparation.

EXHIBIT B-8 - MAPS, CHARTS, AND AERIAL PHOTOGRAPHS

Coverage

Maps, navigation charts, and aerial photographs. Major producers are the Departments of Agriculture, Commerce, Defense, Interior, and TVA. Examples are topographic maps, geologic maps, soil maps, vegetation maps, recreation maps, nautical charts, aeronautical charts, and aerial photographs (other photographs are covered in Exhibit B-9, "Other Services").

Potential receipts

Prices are limited (usually by specific legal provision or legislative intent) to the added costs of reproduction for private use (i.e., ink and paper). Receipts are about $1 million a year. By charging for part of the cost of surveying, photographing, and compiling maps (over $100 million a year), receipts could be increased. Raising charges to recover too great a proportion of the full costs, however, would reduce volume of sales but not reduce annual cost of preparation, which is usually determined on the basis of Government needs rather than private demand.

EXHIBIT B-9 - OTHER SERVICES

Several classes of Government services not covered in the previous exhibits, but for which charges are made or might be made, are briefly discussed below.

Testing - Many testing activities are now self-supporting. Many others would be self-supporting if charges were established or raised for the licensing or inspection services of which they are a part. Still another category of testing is for the purpose of determining eligibility of products for Federal procurement, a service of value to potential suppliers but also necessary for the Government's protection. GSA collects about $650,000 for this activity each year. The Department of Defense (which procures more items than GSA) does not charge.

Grading and classifying agricultural commodities - Fees or reimbursements cover about 80 percent of costs. About $2 million of annual service is done at Government expense, mostly because charging for some cotton and all tobacco grading is forbidden by law. The cost of central overhead is also not recovered.

Special research studies and tabulations - Fees are generally charged. There is some question as to whether fees cover an appropriate share of overhead costs in all cases.

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The State Department is required by law to furnish documentary services to seamen without charge; the annual cost is $350,000. Present fees for notarial and similar services to tourists yield about $387,000 less than costs each year.

Furnishing Fish to private ponds - The Fish and Wildlife Service will stock private ponds without charge. The cost of this activity is estimated at $3 million a year.

Administration of certain labor services - The Department of Labor has proposed legislation to cover costs of administering the Longshoremen's Act (workmen's compensation). Costs are about $550,000. The Department charges for certain costs of administering the Mexican Farm Labor Act but does not believe it should recover all costs because its normal employment service work is free.

Miscellaneous services - Other services which are provided free or at below cost include: (1) irrigation projects; (2) installation of flood prevention structures; (3) provision of isotopes and other atomic products; (4) bullion transactions; (5) yellow fever vaccinations; (6) calibration of magnets; and (7) safekeeping of privately-owned Government bonds by the Treasury.